ADES HOLDING COMPANY
(A SAUDI LISTED JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2025
WITH
INDEPENDENT AUDITOR'S REPORT

INDEX	**PAGE**

KPMG Professional Services Company
16th Floor, Al Barghash Tower
6189 Prince Turki Road, Al Corniche
P.O. Box 4803
Al Khobar, 34412 - 3146
Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
الطابق ١٦، برج البرغش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبر ٣٤٤١٢ - ٣١٤٦
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of ADES Holding Company (A Saudi Listed Joint Stock Company)

Opinion

We have audited the consolidated financial statements of ADES Holding Company ("the Company") (and its subsidiaries) ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the Shareholders of ADES Holding Company (A Saudi Listed Joint Stock Company) (continued)

Acquisition Accounting of Shelf Drilling Limited	
Refer to Note 2.1 for the accounting policy relating to business combination and Note 5.1 for the related disclosures in the accompanying consolidated financial statements	
Key audit matter	**How the matter was addressed in our audit**
On 25 November 2025, the Group acquired an additional 83.5% shares in Shelf Drilling Limited ("Shelf"), increasing its ownership from 16.5% to 100%, which also resulted in the Group obtaining control over Shelf. As per the relevant accounting standards, the Group is required to determine the fair value of the net identifiable assets acquired in the business combination (purchase price allocation). As the purchase price allocation exercise is not yet complete, the Group has recognized the provisional amounts as required by the relevant accounting standards, resulting in a provisional bargain purchase gain of SAR 21 million in the statement of comprehensive income. We identified the acquisition of Shelf as a key audit matter as a result of the level of judgments applied and estimates made by management in arriving the provisional fair value of the net identifiable assets at the date of acquisition and the level of audit effort required.	We performed the following procedures to address the key audit matter: • Obtained and analysed the corresponding underlying documents including share purchase agreement to corroborate the overall deal structure and compared the value of the total consideration to the supporting documentation. • Assessed the date on which the control is obtained by evaluating the underlying assessments and corroborating with the supporting documentation. • Evaluated the design and implementation of key controls within the process of business combination accounting. • Engaged our own valuation specialists to assess and challenge the appropriateness of the valuation methodologies and the reasonableness of the key assumptions used by the Group in estimating the provisional fair values of the acquired net identifiable assets and to assess whether the best available information has been used when estimating those provisional fair values. • Tested the completeness and accuracy of the data inputs used in the underlying models, on a sample basis, for determining the provisional fair value • Assessed the adequacy of disclosures included in the consolidated financial statements related to the business combination.

Independent Auditor's Report

To the Shareholders of ADES Holding Company (A Saudi Listed Joint Stock Company) (continued)

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 3 March 2025 (corresponding to 3 Ramadan 1446H).

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS accounting standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

To the Shareholders of ADES Holding Company (A Saudi Listed Joint Stock Company) (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (continued)

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

To the Shareholders of ADES Holding Company (A Saudi Listed Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of ADES Holding Company ("the Company") (and its subsidiaries) ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services Company

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 2051062328
K : 1
ترخيص رقم ٤٦
س.ت: ٢٠٥١٠٦٢٣٢٨
KPMG Professional Services

Mohammed Najeeb Alkhlaiwi
License No: 481

Al Khobar, on 29 March 2026
Corresponding to: 10 Shawwal 1447H

ADES HOLDING COMPANY
(A SAUDI LISTED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2025 ⃁ '000	31 December 2024 ⃁ '000
ASSETS			
Non-current assets			
Property and equipment	16	**25,030,984**	17,567,622
Intangible assets		**6,157**	3,956
Right of use assets	17-a	**460,887**	494,146
Derivative financial instruments	28-a,25	**8,378**	61,850
Prepayments and other receivables	14	**189,446**	215,186
Investments in joint venture	15	**34,013**	25,416
Trade and other receivables	13	**11,983**	-
Total non-current assets		**25,741,848**	18,368,176
Current assets			
Inventories	12	**947,501**	527,273
Trade and other receivables	13	**1,690,838**	1,382,504
Prepayments and other receivables	14	**571,850**	502,391
Due from related parties	25	**1,223**	1,223
Investments at fair value through other comprehensive income (FVOCI)	28-b,25	**-**	102,936
Cash and cash equivalents	11,25	**2,458,449**	744,187
Total current assets		**5,669,861**	3,260,514
TOTAL ASSETS		**31,411,709**	21,628,690
EQUITY AND LIABILITIES			
Equity			
Share capital	22	**1,129,063**	1,129,063
Share premium	22	**2,890,367**	2,890,367
Treasury shares	22	**(24,913)**	(28,127)
Cash flow hedge reserve		**528**	52,167
Fair value reserve of financial assets at FVOCI		**-**	2,381
Share-based payment reserve		**166**	119
Retained earnings		**2,784,952**	2,446,821
Equity attributable to equity holders of the Parent Company		**6,780,163**	6,492,791
Non–controlling interests		**32,831**	45,193
Total equity		**6,812,994**	6,537,984
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	20,25	**17,959,462**	10,725,356
Lease liabilities	17-b	**262,932**	352,374
Provisions	21	**484,146**	188,571
Deferred revenue	19	**436,254**	679,962
Deferred tax, net	10	**144,740**	94,068
Income tax accrual	10	**36,767**	-
Other payables	18	**18,354**	-
Total non-current liabilities		**19,342,655**	12,040,331

ADES HOLDING COMPANY
(A SAUDI LISTED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER 2025
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2025 ⃁ '000	31 December 2024 ⃁ '000
Current liabilities			
Trade and other payables	18	**2,133,993**	1,270,308
Deferred revenue	19	**360,206**	358,976
Income tax and zakat accrual	10	**144,986**	82,468
Interest-bearing loans and borrowings	20,25	**2,290,203**	1,331,334
Provisions	21	**326,672**	7,289
Total current liabilities		**5,256,060**	3,050,375
Total liabilities		**24,598,715**	15,090,706
TOTAL EQUITY AND LIABILITIES		**31,411,709**	21,628,690

The attached notes 1 to 31 form an integral part of these consolidated financial statements.

Dr. Mohamed Farouk
Vice Chairman

Mr. Hussein Badawy
Chief Financial Officer

ADES HOLDING COMPANY
(A SAUDI LISTED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

		For the year ended	
	Notes	**31 December 2025 ⃁ '000**	31 December 2024 ⃁ '000
Revenue	6	**6,688,959**	6,199,022
Cost of revenue	7	**(4,155,868)**	(3,841,373)
Gross profit		**2,533,091**	2,357,649
General and administrative expenses	8	**(486,949)**	(424,340)
End of service employment benefits	21-b	**(53,436)**	(51,504)
Share-based payments expense	24	**(40,381)**	(110,647)
Finance costs, net	9	**(940,536)**	(803,915)
Gain on equity instruments designated at fair value through profit and loss	5	**88,778**	-
Other income, net		**3,250**	32,693
Bargain purchase gain	5	**21,209**	7,500
Acquisition transaction cost		**(79,225)**	(6,142)
Provision for other taxes	21-a	**(873)**	(30,448)
Profit for the year before income tax and zakat		**1,044,928**	970,846
Income tax and zakat expenses	10	**(212,067)**	(154,651)
Profit for the year		**832,861**	816,195
Attributable to:			
Equity holders of the Parent Company		**818,016**	802,498
Non-controlling interests		**14,845**	13,697
		832,861	816,195
Earnings per share basic and diluted attributable to equity holders of the parent company (In ⃁ per share)	23	**0.74**	0.73
Other comprehensive (loss)/income			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods (net of any tax):			
Net (loss)/gain on cash flow hedge		**(51,639)**	11,017
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods (net of any tax)			
Net remeasurement gain /(loss) on defined benefit plans		**(45,730)**	68,316
Net (loss)/gain on equity instruments designated at fair value through other comprehensive income		**(13,762)**	2,381
Other comprehensive (loss)/income for the year, (net of tax)		**(111,131)**	81,714
Total comprehensive income for the year, (net of tax)		**721,730**	897,909
Attributable to:			
Equity holders of the Parent Company		**720,395**	871,402
Non-controlling interests		**1,335**	26,507
		721,730	897,909

The attached notes 1 to 31 form an integral part of these consolidated financial statements.

ADES HOLDING COMPANY
(A SAUDI LISTED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMER 2025
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Attributed to the equity holders of the Parent Company									
	Share capital ⃁ *’000*	*Share premium* ⃁ *’000*	*Treasury shares* ⃁ *’000*	*Fair value reserve of financial assets at FVOCI* ⃁ *’000*	*Cash flow hedge reserve* ⃁ *’000*	*Retained earnings* ⃁ *’000*	*Share based payment reserve* ⃁ *’000*	*Total* ⃁ *’000*	*Non-controlling interest* ⃁ *’000*	*Total equity* ⃁ *’000*
Balance at 1 January 2025	1,129,063	2,890,367	(28,127)	2,381	52,167	2,446,821	119	6,492,791	45,193	6,537,984
Profit for the year	-	-	-	-	-	818,016	-	818,016	14,845	832,861
Other comprehensive income	-	-	-	(13,762) -	(51,639)	(32,220)	-	(97,621)	(13,510)	(111,131)
Total comprehensive income	-	-	-	(13,762)	(51,639)	785,796	-	720,395	1,335	721,730
Share-based payments (note 24)	-	-	-	-	-	-	40,381	40,381	-	40,381
Exercise of employee’s stock (note 24)	-	-	3,214	-	-	37,120	(40,334)	-	-	-
Transfer of Fair value reserve of financial assets at FVOCI	-	-	-	11,381	-	(11,381)	-	-	-	-
Dividends (note 29)	-	-	-	-	-	(473,404)	-	(473,404)	(13,697)	(487,101)
Balance at 31 December 2025	**1,129,063**	**2,890,367**	**(24,913)**	**-**	**528**	**2,784,952**	**166**	**6,780,163**	**32,831**	**6,812,994**

The attached notes 1 to 31 form an integral part of these consolidated financial statements.

ADES HOLDING COMPANY
(A SAUDI LISTED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Attributed to the equity holders of the Parent Company									
	Share capital ⃁ *'000*	*Share premium* ⃁ *'000*	*Treasury shares* ⃁ *'000*	*Fair value reserve of financial assets at FVOCI* ⃁ *'000*	*Cash flow hedge reserve* ⃁ *'000*	*Retained earnings* ⃁ *'000*	*Share based payment reserve* ⃁ *'000*	*Total* ⃁ *'000*	*Non-controlling interest* ⃁ *'000*	*Total equity* ⃁ *'000*
Balance at 1 January 2024	1,129,063	2,890,367	(33,872)	-	41,150	1,721,532	-	5,748,240	28,667	5,776,907
Profit for the year	-	-	-	-	-	802,498	-	802,498	13,697	816,195
Other comprehensive income	-	-	-	2,381	11,017	55,506	-	68,904	12,810	81,714
Total comprehensive income	-	-	-	2,381	11,017	858,004	-	871,402	26,507	897,909
Share-based payments (note 24)	-	-	-	-	-	-	110,647	110,647	-	110,647
Exercise of employee's stock (note 24)	-	-	5,745	-	-	104,783	(110,528)	-	-	-
Dividends (note 29)	-	-	-	-	-	(237,498)	-	(237,498)	(9,981)	(247,479)
Balance at 31 December 2024	1,129,063	2,890,367	(28,127)	2,381	52,167	2,446,821	119	6,492,791	45,193	6,537,984

The attached notes 1 to 31 form an integral part of these consolidated financial statements.

		For the year ended	
		31 December 2025	*31 December 2024*
	Notes	***⃁ '000***	*⃁ '000*
Cash flows from operating activities			
Profit for the year before income tax and zakat		**1,044,928**	970,846
Adjustments for:			
Depreciation of property and equipment	16	**1,325,416**	1,086,015
Depreciation of right of use assets	17	**220,559**	181,703
Amortisation of intangible assets		**1,145**	913
End of service employment benefits	21-b	**53,436**	51,504
Share-based payments expense	24	**40,381**	110,647
Finance costs, net	9	**940,536**	803,915
Reversal for impairment of investment in a joint venture		**-**	(6,815)
Share of results of investment in a joint venture		**(8,597)**	(18,601)
Dividend received from financial assets at FVTOCI	28-b/25	**(4,254)**	(3,534)
Bargain purchase gain	5	**(21,209)**	(7,500)
Gain on remeasurement of equity instruments at FVTPL		**(88,778)**	-
Income from insurance claim		**(93,749)**	-
Provision for other taxes	21-a	**2,103**	30,448
(Reversal)/allowance for inventories	7	**(6,900)**	1,401
Impairment and retirement/(reversal) of Property and equipment		**28,123**	(38,913)
Fair value gain of derivative		**(2,071)**	-
Other income		**(71,963)**	
		3,359,106	3,162,029
Changes in working capital			
Inventories		**(84,560)**	(184,463)
Trade and other receivables		**391,999**	(138,151)
Due from related parties		**-**	3,882
Prepayments and other receivables		**(150,140)**	6,654
Trade and other payables		**(106,473)**	72,444
Deferred revenue		**(246,063)**	171,277
Cash flows generated from operating activities		**3,163,869**	3,093,672
Income tax and zakat paid	10	**(157,388)**	(73,814)
Provisions paid	21	**(25,758)**	(23,946)
Net cash flows generated from operating activities		**2,980,723**	2,995,912
Investing activities			
Purchase of property and equipment		**(1,837,878)**	(2,375,110)
Purchase of intangible assets		**(253)**	(1,225)
Purchase of equity instruments	28-b	**-**	(100,368)
Acquisition of business, net of cash acquired	5	**(1,062,856)**	(709,266)
Dividend received from equity instruments	25-a	**4,254**	3,534
Insurance proceed received		**93,749**	
Payment of the consideration payable for acquisitions*		**(18,222)**	-
Cash proceeds from sale financial instruments		**88,987**	-
Net cash flows used in investing activities		**(2,732,219)**	(3,182,435)

		For the year ended	
		31 December 2025	*31 December 2024*
	Notes	***⃁ '000***	*⃁ '000*
Financing activities			
Proceeds from loans and borrowings	20	**10, 727,743**	3,193,562
Repayment of loans and borrowings	20	**(7,652,658)**	(1,427,773)
Finance cost paid		**(883,622)**	(818,934)
Principal element of lease payment		**(203,141)**	(161,071)
Interest element of lease payment		**(35,463)**	(39,877)
Dividend paid to equity holders of the parent company	29-a	**(473,404)**	(237,498)
Dividend paid to non-controlling interests	29-b	**(13,697)**	(9,981)
Net cash flows generated from financing activities		**1,465,758**	498,428
Net increase in cash and cash equivalents		**1,714,262**	311,905
Cash and cash equivalents at beginning of year	11	**744,187**	432,282
Cash and cash equivalents at the end of the year	11	**2,458,449**	744,187

*This is related to the outstanding consideration payable for the acquisition of the Topaz rig and shares of Rig Finance Ltd that were purchased in 2024 and disclosed in the annual financial statements for the year ended 31 December 2024.

Refer Notes 5, 12 and 17 for significant non-cash transactions.

The attached notes 1 to 31 form an integral part of these consolidated financial statements.

1 ORGANIZATION AND ACTIVITIES

ADES Holding Company (the "Company" or the "Parent Company") was incorporated on 28 December 2022 as a mixed closed joint stock company under Saudi laws. The Company and its subsidiaries together are referred as the "Group".

The company's head office is located at 7429 Prince Turki Street, Corniche District, Al Khobar, Kingdom of Saudi Arabia.

The Company licensed under foreign investment license number 122114405178894 issued by the Ministry of Investment on 11 Jumada al-Awal 1444H (corresponding to 5 December 2022G) and operating under commercial registration number 2051245446 and unified identification number 7032464070 dated 4 Jumada al-Thani 1444H corresponding to 28 December 2022G).

On 1 Sha'ban 1445H (corresponding to 11 February 2024), the Company status changed from mixed joint company to listed joint stock company.

On 26 Rabi ul Awal 1445H (corresponding to 11 October 2023G), the Company completed its Initial Public Offering ("IPO"), and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul").

	As of 31 December 2025			As of 31 December 2024		
Shareholder	**No. of shares'000**	**Ownership**	**Nominal value ⃁ '000**	No. of shares'000	Ownership	Nominal value ⃁ '000
ADES Investments Holding Ltd	**412,277**	**36.5%**	**412,277**	412,277	36.5%	412,277
The Public Investment Fund of the Kingdom of Saudi Arabia	**268,548**	**23.8%**	**268,548**	268,548	23.8%	268,548
Zamil Group Investment Company	**75,647**	**6.7%**	**75,647**	75,647	6.7%	75,647
Free Float	**347,678**	**30.8%**	**347,678**	344,464	30.5%	344,464
Treasury Shares	**24,913**	**2.2%**	**24,913**	28,127	2.5%	28,127
	1,129,063	**100%**	**1,129,063**	1,129,063	100%	1,129,063

The consolidated financial statements were authorised and approved for issue on 10 Shawwal 1447H (corresponding to 29 March 2026) by the Board of Directors.

The Group is a leading oil and gas drilling and production services provider in the Middle East, Africa, Southeast Asia and Europe. The Group services primarily include offshore and onshore contract drilling and production services. The Group currently operates across multiple jurisdictions. The Group's offshore services include drilling and workover services and Mobile Offshore Production Unit (MOPU) production services, as well as accommodation, catering, and other barge-based support services. The Group's onshore services primarily encompass drilling and work over services. The Group also provides projects services, which mainly includes oil field enhancement (exploration and production).

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

1 ORGANIZATION AND ACTIVITIES (continued)

The consolidated financial statements of the Group include activities of the following subsidiaries:

Name	***Principal activities***	**Country of incorporation**	**31 December 2025**	31 December 2024
Advanced Energy Systems (ADES) (S.A.E) [1]	Oil & gas drilling and production services	Egypt	**100%**	100%
ADES Saudi Limited Company[2]	Oil and gas drilling and production services	KSA	**100%**	100%
Precision Drilling Company[3]	Holding company	Cyprus	**100%**	100%
Kuwait Advanced Drilling Services	Leasing of rigs	Cayman	**100%**	100%
Prime innovations for Trade S.A. E	Trading	Egypt	**100%**	100%
ADES International for Drilling	Leasing of rigs	Cayman	**100%**	100%
AG training	Training	Egypt	**70%**	70%
Advanced Transport Services	Leasing transportation equipment	Cayman	**100%**	100%
Advanced Drilling Services	Leasing of rigs	Cayman	**100%**	100%
ADES for Drilling Services Ltd[4]	Investment in Oil & Gas Projects	UAE	**100%**	100%
ADES International Holding Ltd	Holding company	UAE	**100%**	100%
Emerald Driller Company[5]	Production services oil and gas drilling and production services	Cayman	**100%**	100%
ADES Drilling Services I Ltd	Leasing of rigs	Bermuda	**100%**	100%
ADES Drilling Services II Ltd	Leasing of rigs	Bermuda	**100%**	100%
ADES Drilling Services III Ltd	Leasing of rigs	Bermuda	**100%**	100%
ADES Advanced Drilling Services Ltd[6]	Leasing of rigs	Liberia	**100%**	100%
ADES Drilling Services IV Ltd	Leasing of rigs	Bermuda	**100%**	100%
ADES Drilling Services V Ltd	Leasing of rigs	Bermuda	**100%**	100%
ADES Drilling Services Ltd[7]	Leasing of rigs	Bermuda	**100%**	100%
ADES GCC For Drilling Ltd[8]	Oil and gas drilling and production services	Bermuda	**100%**	100%
ADES Drilling Services Cyprus Ltd.	Oil and gas drilling services	Cyprus	**100%**	100%
PT ADES Drilling Indonesia	Petroleum oil and natural gas mining supporting activities	Indonesia	**100%**	100%
RIG FINANCE Ltd[9]	Leasing of rigs	Bermuda	**100%**	100%
ADRES HR Solution Ltd	HR Services	UAE	**60%**	60%
ADES Production Services	Oil & gas drilling and production services	Egypt	**100%**	-
ADES Production Holding Ltd	Holding Company	UAE	**100%**	-
ADES Drilling Services Labuan Ltd	Trading	Labuan	**100%**	-
Shelf Drilling Ltd and it's subsidiaries[10]	Holding Company	Cayman	**100%**	-

The Group holds investment in Egyptian Chinese Drilling Company (ECDC) (Joint Venture) which is accounted for using the equity method of accounting in these consolidated financial statements.

1 Advanced Energy Systems (ADES) (S.A.E) has branches in Algeria, India, UAE and Iraq.
2 ADES Saudi limited Company acquired eight subsidiaries from Seadrill.
3 Precision Drilling Company holds a 47.5% interest in United Precision Drilling Company W.L.L, a Kuwait entity which handles the operations of the rigs in Kuwait.
4 ADES for Drilling Services Ltd set up a branch in Tunisia in 2021, Thailand in 2024 and Cameroon in 2025, and had changed its name from ADES Holding for Drilling Services Ltd.
5 Emerald Driller Company has a Branch in Qatar which handles operations in the country.
6 ADES Advanced Drilling Services Ltd has a branch in Congo.
7 ADES Drilling Services Ltd. has a branch in Indonesia.
8 ADES GCC For Drilling Ltd has a branch in KSA.
9 Rig Finance Ltd has a branch in Indonesia.
10 On 25 November 2025, the Company acquired 100% of the issued shares of Shelf Drilling Limited ("Shelf"), an international offshore drilling contractor specializing in shallow-water drilling services using jack-up rigs. Subsequent to the acquisition Shelf was delisted from Oslo stock exchange and all legal formalities in this regards has been completed. For further details refer note 5.

2 MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

These consolidated financial statements of the Group have been prepared in accordance with the IFRS accounting standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred "to "IFRS as endorsed in "KSA").

The consolidated financial statements have been prepared under the historical cost basis, except for derivative financial instruments carried at fair value which includes interest rate swap contracts and foreign exchange rate contracts designated as hedging instruments, investment at fair value through other comprehensive income, investment at fair value through profit or loss and end of service benefits which are measured using the Projected Unit Credit Method.

The consolidated financial statements are presented in Saudi Arabian Riyal and all values are rounded to the nearest thousand ("⃁ '000"), except when otherwise indicated. Saudi Arabian Riyal ("⃁") is the functional currency of the Company and presentation currency of the Group.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
(b) Exposure, or rights, to variable returns from its involvement with the investee, and
(c) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee
(b) Rights arising from other contractual arrangements.
(c) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of a member in the Group to bring its accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities;

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the" Acquisition transaction cost" line-item in the consolidated statement of comprehensive income.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration, resulting from business combinations, is measured at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss as a 'bargain purchase gain'.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

Business combinations (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Group reorganisation and business combinations under common control

In the absence of guidance in IFRS for the Group reorganisation and business combinations under common control, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires to use judgement in developing and applying an accounting policy that provides reliable and more relevant information. As such group reorganisation has no economic substance and is outside the scope of IFRS 3 Business Combinations.

Business combination under common control is accounted for using the pooling of interests method as follows:

- assets and liabilities of Existing Group Entities transferred to the Company are reflected at their carrying amounts and no adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the reorganisation that would otherwise be done under the acquisition method;
- no goodwill is recognised as a result of the reorganisation. Any difference between the consideration transferred and the equity of the entities acquired as at the date of the combination is reflected within equity;
- the consolidated statement of comprehensive income reflects the results of the Existing Group Entities transferred to the Company from the effective date of reorganisaiton.

The Group applied the accounting policy with no restatement of periods prior to the reorganistion (prospective approach) and accordingly has not reported the financial information of the Existing Group Entities acquired before the reorganisation.

Interest in joint ventures and associates

The Group's investments in the joint venture and associate are both accounted for using the equity method. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the investee since the acquisition date. Goodwill relating to the joint venture or associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the joint venture and associate. Any change in the other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture or associate, the Group recognises its share of any changes, when applicable, directly in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the interest in the joint venture or associate unrelated to the Group.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

Interest in joint ventures and associates (continued)

The aggregate of the Group's share of profit or loss of a joint venture and associate is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture or associate.

The financial statements of the joint venture and associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring their accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value, and then recognises the loss as 'Share of results of an associate and a joint venture' in the consolidated statement of comprehensive income.

Upon loss of joint control over a joint venture or significant influence over an associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of joint control or significant influence, and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of comprehensive income.

NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATION

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the ADES Holding Group's consolidated financial statements for the year ended 31 December 2024.

The Group has applied the following standards and amendments, where applicable, for the first time for their annual reporting period commencing 1 January 2025.

- Lack of exchangeability – Amendments to IAS 21, effective for annual periods beginning on or after 1 January 2025.

The aforementioned new amendment did not have any impact on the Consolidated Financial Statements of the Group.

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

2 MATERIAL ACCOUNTING POLICIES (continued)

2.2 NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATION (continued)

New standards and interpretations not yet adopted:
A number of new accounting standards are effective for annual reporting periods beginning on or after 1 January 2026 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

A. IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

B. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements:

Forthcoming requirements

Effective date	New accounting standards or amendments
1 January 2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7
1 January 2026	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
1 January 2026	Annual Improvements to IFRS Accounting Standards – Volume 11
1 January 2027	IFRS 18 Presentation and Disclosure in Financial Statements
1 January 2027	IFRS 19 Subsidiaries without Public Accountability: Disclosures
To be determined	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period; or Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- The liability is due to be settled within twelve months after the reporting Or
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable in the ordinary course of the Group's activities. Revenue from performance of services is recognized in the accounting period in which the services are rendered. The Group has concluded that it is the principal in its revenue arrangement since it is the prime obligor and is exposed to credit risk.

The Group recognizes revenue based on a five-step model as set out in IFRS 15.
IFRS 15 requires that revenue is recognized from contracts with customers based on the following five step model as follows:
• Identification of contracts with customer;
• Identification of performance obligations in the contract;
• Determination of transaction price;
• Allocation of transaction price to performance obligations in the contract; and
• Recognition of revenue when the Company satisfies the performance obligation.
The Group has following revenue streams:

(a) Unit operations

Revenue from unit operations, primarily relating to drilling services, is recognized over time as the customer simultaneously receives and consumes the benefits of the services provided. The Group measures progress using an output method based on services rendered. Revenue is determined using the contractual day rates specified in the underlying agreements and invoiced to customers accordingly.

(b) Mobilization revenue and costs

Mobilization revenue within unit operations represents fees for initial mobilization of rigs. These activities do not constitute delivery of a separate service to the customers but are necessary to fulfil the drilling services mentioned above.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Accordingly, mobilization revenues are recognized as deferred revenue and are amortized over the term of the respective contracts with customers for drilling services. Mobilization costs represent costs incurred for the initial mobilization of rigs. Such costs are recognized as prepaid mobilization costs and are amortized over the term of the respective contracts with customers for drilling services.

(c) Catering and other service revenue
The Group provides catering and other services to its customers based on pre-agreed unit rates. Catering and services are satisfied over time as the customer simultaneously receives and consumes the benefits as the services are performed. Revenue is determined using the rate specified in the underlying agreements and invoiced to customers accordingly.

(d) Project Revenue
Project income primarily relates to oilfield enhancement services performed under contractual arrangement. These contracts are assessed as comprising a single performance obligation to deliver integrated project services. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits of the services provided. Accordingly, revenue is recognised over time using an appropriate measure of progress that reflects the value of services rendered during the period.

Dividends
Dividend income is recognised when the Group’s right to receive the payment is established, which is when shareholders approve the dividend.

Finance income
Finance income is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts, estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Trade and other receivables
A trade receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before the payment of the consideration is due). An unbilled receivable represents the Group’s right to an amount of consideration that is unconditional however only the passage of time is required before the billing. Refer to the accounting policies of financial assets in section financial instruments – initial recognition and subsequent measurement.

Contract liabilities
A contract liability (includes deferred revenue) is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Borrowing costs
Specific borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. General borrowing (if any) utilized for acquisition, construction or production of an qualifying assets are capitalized as part of the cost of that asset until the asset is complete for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Bank balances and cash
Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts if they are considered an integral part of the Group's cash management.

Taxes
Current taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associate, and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred taxes (continued)
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Sales taxes
Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Withholding Tax (WHT)
The Group withholds taxes on certain transactions with non-resident parties in respect to applicable tax laws and regulations of Kingdom of Saudi Arabia and the respective countries in which Group operates. Such withholding taxes suffered as a result of the transactions between the group companies are recorded as other taxes in the consolidated statement of comprehensive income.

Value Added Tax (VAT)
The Group is subject to a value added tax (“VAT”) for providing services. The amount of VAT liability is determined by applying the applicable tax rate to the invoiced amount of services provided (output VAT) less VAT paid on purchases made / services received with the relevant supporting invoices (input VAT).

Zakat
Zakat is levied based on adjusted income subject to zakat or the zakat base in accordance with the Regulations of the ZATCA in the Kingdom of Saudi Arabia. The Group computes its zakat by using the zakat base. The zakat provision is charged to the consolidated statement of comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the period of their finalization.

Foreign currencies
The Group’s consolidated financial statements are presented in Saudi Arabian Riyal and all values are rounded to the nearest thousand (“⃁ 000”), except when otherwise indicated, which is also the Company’s functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of comprehensive income reflects the amount that arises from using this method.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in consolidated statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense, or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into ⃁ at the rate of exchange prevailing at the reporting date and their consolidated statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are initially measured at cost and subsequently at lower of cost and net realisable value using weighted average method. For consumables and spare parts, net realisable value is determined based on their replacement cost and expected consumption in operations.

At each reporting date, spare parts and consumables are assessed for impairment. If spare parts and consumables are impaired, their carrying amount is reduced to written down value; the impairment losses are recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

An allowance (if necessary) is made for obsolete and damaged inventories in accordance with the Group's policy.

Property and equipment

Assets under construction, property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred.

For all the years presented in the consolidated financial statements, depreciation on property and equipment except for leasehold land which has indefinite useful life, is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	2025	2024
	Years	Years
Rigs	**27**	27
Furniture and fixtures	**10**	10
Drilling pipes	**5**	5
Tools	**5-10**	5-10
Building	**20**	20
IT equipment	**5**	5
Motor vehicles	**5**	5
Leasehold improvements*	**5**	5

* Or lease term, whichever is lower

Rigs include major maintenance and upgrades that are capitalised and depreciated over 5 years (2024: 5 years).

No depreciation is charged on assets under construction. The useful lives and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. Any change in estimated useful life is applied prospectively effective from the beginning of period. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of property and equipment may not be recoverable.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment (continued)
Whenever the carrying amount of property and equipment exceeds their recoverable amount, an impairment loss is recognised in the consolidated statement of comprehensive income. The recoverable amount is the higher of fair value less costs to sell of property and equipment and the value in use. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. While value in use is the present value of estimated future cash flows expected to arise from the continuing use of property and equipment and from its disposal at the end of its useful life.

Reversal of impairment losses recognised in the prior years are recorded when there is an indication that the impairment losses recognised for the property and equipment no longer exist or have reduced.

An item of property and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition is included in the consolidated statement of comprehensive income.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalized, and expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Intangible assets are amortized using the straight-line method over their estimated useful lives over 5 years (2024: 5 years).

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(a) Financial assets (continued)

Initial recognition and measurement (continued)
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments):
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables and due from related parties.

Financial assets designated at fair value through OCI (equity instruments):
These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to the consolidated statement of profit or loss.

The Group's financial assets at fair value through OCI include hedge instruments, and financial assets at fair value through OCI.

Financial assets at fair value through profit or loss:
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statement of profit or loss.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(a) Financial assets (continued)

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)
The Group considers a financial asset to be in default when:

• the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
• the financial asset is more than 365 days past due.

However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and other financial liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

(i) *Trade and other payables*
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(ii) *Interest-bearing loans and borrowings*
This is the category most relevant to the Group. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate "EIR" method. Gains and losses are recognised in the consolidated statement of comprehensive income, when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income. This category generally applies to loans and borrowings.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(b) Financial liabilities (continued)

Subsequent measurement (continued)

(iii) Other financial liabilities at amortised cost
Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

(c) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(d) Derivative financial instrument
A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the ‘underlying’).
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Group uses derivative financial instruments, such as interest rate swap, to hedge its interest rate risks. These interest rate swaps are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivative financial instruments at fair value through profit or loss (FVTPL)
The Group entered into foreign exchange forward contracts to manage its exposure to foreign currency risk. These contracts are not designated in qualifying hedge relationships under IFRS 9 and are therefore classified as derivative financial instruments at fair value through profit or loss (FVTPL). Such instruments are initially recognized at fair value and subsequently remeasured at fair value, with all changes in fair value recognized in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(e) Hedge accounting
For the purpose of hedge accounting, as part of the Group risk management policies, Interest Rate Swap contracts (IRS), whether plain vanilla, collars, or IRS with cap-spreads, may be used to either change the floating-interest rate of a debt instrument into fixed rate or vice versa (whether that debt instrument is measured at amortized cost or fair value). When entering into derivatives in order to hedge risk of changes in fair value or cash flows, management ensure that the hedging relationship meets all of the 3-fold criteria in paragraph 6.4.1(c) of IFRS 9 for hedge effectiveness requirements. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

(f) Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of comprehensive income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period.

This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the consolidated statement of comprehensive income.

The Group identified individual rigs along with related assets as CGU for the purposes of impairment assessment of non-financial assets. Further disclosures relating to impairment of non-financial assets are also provided in note 3 (significant accounting estimates, judgements, and assumptions) and note 16 (property and equipment).

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. For years presented, right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Right-of-use assets (continued)

	2025 years	*2024 years*
Rigs	***Up to 5***	*Up to 5*
Yards and warehouse	**4**	4
Office premises	**5**	5
Motor vehicles	**3**	3
Other equipment	**5**	5
Furniture and fixture	**10**	10
Building	**20**	20

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below ⃁ 18,750). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Cost of revenue
Cost of revenue includes staff cost, maintenance, depreciation, catering costs, rig move, direct and indirect overheads related to provision of services.

General and administrative expenses
All other expenses, excluding cost of revenue, financial charges, expenses/(gains) related to the acquisitions and other expenses are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a consistent basis.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in consolidated statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are reviewed at each consolidated statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Treasury shares
Own equity instruments issued that are reacquired, or issued and held by the Company (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the consolidated statement of changes in equity.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. For assets traded in an active market, fair value is determined by reference to quoted market bid prices. The fair value of items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics. For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Cash dividend and non-cash distribution to equity holders of the Parent Company

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Parent Company when the distribution is authorised and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the consolidated statement of comprehensive income.

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in share-based payment expense, together with a corresponding increase in equity (other capital reserves).

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made certain judgements, estimates and assumptions in relation to the accounting for the businesses acquired, trade receivables, customer credit periods and doubtful debts provisions, useful lives and impairment of property and equipment, income taxes and various other policy matters. These judgements have the most significant effects on the amounts recognised in the consolidated financial statements.

Consolidation of an entity in which the Group holds less than a majority of voting right (de facto control)

The Group considers that it controls United Precision Drilling Company W.L.L ("UPDC") even though it owns less than 50% of the voting rights. This is mainly because (a) the Group has a substantive right to direct conclusion of revenue contracts, capital expenditures and operational management; (b) the Group has a significantly higher exposure to variability of returns than its voting rights; (c) the Group is the owner of all drilling rigs and equipment and charters the drilling rigs to UPDC on exclusive basis.

The lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of property and equipment due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on operation if a replacement is not readily available.

Judgement in determining whether assets and entity acquired qualify as a business combination

During 2024, the Group acquired rigs and related assets and liabilities (refer to note 5 for details). The Group performed an extensive analysis of the terms of the agreements entered into to give effect to the above transactions and applied the requirements of IFRS 3. Management's evaluation resulted in these transactions qualifying as a business combination.

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

Judgement in determining whether assets and entity acquired qualify as a business combination (continued)

Key sources of estimation uncertainty

Fair valuation of the acquired assets as part of business combinations
During 2025 for fair valuation of the identified assets acquired (refer to note 5) which mainly include rigs and inventories, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of reliable and comparable market data because of the nature of the assets. Key assumptions and estimates used to determine the fair value of the rigs and inventories include the following forecasted information:

- Forecasted day rates and rig utilisation
- Forecasted earnings before interest, tax and depreciation (EBITDA) margin
- Forecasted capital expenses
- Remaining useful life
- Discount factor based on weighted average cost of capital

Impairment of trade and other receivables
The Group recognises an allowance for expected credit losses (ECLs). The Group applies a simplified approach in calculating ECLs with respect to trade and other receivables. Therefore, the Group track changes in credit risk which is assumed as the risk of default in meeting the debt obligation by the Country of respective customers. A forward-looking macroeconomic information is assessed to approximate the result of recognising lifetime expected credit losses. At the consolidated statement of financial position date, gross trade and other receivables were ⃁ 1,911,776 thousand (2024: ⃁ 1,528,465 thousand) and the provision for impairment in trade and other receivables was ⃁ 470,206 thousand (2024: ⃁ 470,206 thousand), refer to Note 13 for details.

Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Taxes
The Group is exposed to income and other taxes in certain jurisdictions. Significant judgement is required to determine the total tax liability. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The tax liability is established, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which the Group-entities operate.

The amount of such liability is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies. At the reporting date, the current income tax and zakat payable was ⃁ 181,753 thousand (2024: ⃁ 82,468 thousand). and the provision for tax of ⃁ 507,751 thousand (2024: ⃁ 36,718 thousand), refer to Note 21-a for details.

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

Key sources of estimation uncertainty (continued)

Impairment of non-financial assets
The Group assesses whether there are any indicators of impairment for all non-financial assets for each CGU at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Management identified each rig along with the related assets as a CGU as generally each rig is contracted to the customer based on a separate customer contract.

Management uses the value in use calculation for impairment testing at each CGU level which is based on a discounted cash flow (DCF) model. The forecasted cash flows are estimated based on the historical performance and current contracted rates. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in note 16.

Useful lives of property and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Write-down of inventories to net realisable value (NRV)
Inventories are carried at the lower of cost and net realisable value. At the reporting date, gross inventories were ⃁ 999,105 thousand (2024: ⃁ 592,198 thousand). At the reporting date, the cumulative allowance for inventories stands at ⃁ 56,336 thousand (2024: ⃁ 64,925 thousand). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in profit or loss in the consolidated statement of comprehensive income.

Defined benefit plans (pension benefits)
The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. As operationally, the Group is only in the oil and gas production and drilling services, the CEO considers the business from a geographic perspective and has identified eleven geographical segments (31 December 2024: Eight geographical segments). Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment	*Egypt* ⃁ ’000	*Algeria & Tunisia* ⃁ ’000	*Kingdom of Saudi Arabia* ⃁ ’000	*Kuwait* ⃁ ’000	*Qatar* ⃁ ’000	*India* ⃁ ’000	*Southeast Asia ******* ⃁ ’000	*West/Central Africa********* ⃁ ’000	*Norway* ⃁ ’000	*Other ********** ⃁ ’000	*Total Segments* ⃁ ’000	*Corporate* ⃁ ’000	*Adjustments and Eliminations**** ⃁ ’000	*Total equity* ⃁ ’000
For the year ended 31 December 2025														
Revenue External customers	641,328	253,465	3,611,510	649,637	309,216	276,780	609,952	171,891	*40,163*	125,017	6,688,959	-	-	6,688,959
Inter-segment ***	354,164	-	111,717	-	74,255	-	-	-	-	-	540,136	-	(540,136)	-
Total Revenue	**995,492**	**253,465**	**3,723,227**	**649,637**	**383,471**	**276,780**	**609,952**	**171,891**	**40,163**	**125,017**	**7,229,095**	**-**	**(540,136)**	**6,688,959**
Income/(expenses)														
Cost of revenue*	(204,748)	(169,745)	(1,294,505)	(325,886)	(151,331)	(115,474)	(195,583)	(108,870)	(36,262)	(25,888)	(2,628,292)	-	-	(2,628,292)
General and administrative expenses	(41,141)	(19,003)	(232,653)	(39,545)	(14,212)	(16,581)	(20,592)	(4,271)	(1,290)	(3,599)	(392,887)	(94,062)	-	(486,949)
Finance costs (net)	(33,286)	(15,607)	(780,232)	(43,858)	(15,361)	(14,199)	(31,521)	(4,053)	-	-	(938,117)	(2,419)	-	(940,536)
Depreciation and amortization****	(123,839)	(58,253)	(877,085)	(224,254)	(44,807)	(38,666)	(86,502)	(62,975)	(2,627)	(8,568)	(1,527,576)	-	-	(1,527,576)
Other expenses (net) **	80,500	(16,396)	(120,170)	(13,827)	(17,912)	(13,433)	(44,041)	(16,300)	(4,693)	(4,703)	(170,975)	(122,979)	-	(293,954)
Bargain purchase gain	-	-	-	-	-	-	-	-	-	-	-	21,209	-	21,209
Segment Profit / (Loss)	**318,814**	**(25,539)**	**306,865**	**2,267**	**65,593**	**78,427**	**231,713**	**(24,578)**	**(4,709)**	**82,259**	**1,031,112**	**(198,251)**	**-**	**832,861**
Property and equipment	**1,375,797**	**596,281**	**10,021,975**	**2,218,650**	**1,490,702**	**1,293,388**	**2,619,144**	**3,124,124**	***851,685***	**1,439,238**	**25,030,984**	**-**	**-**	**25,030,984**

4 SEGMENT INFORMATION (continued)

Segment	*Egypt* ⃁ *'000*	*Algeria & Tunisia* ⃁ *'000*	*Kingdom of Saudi Arabia* ⃁ *'000*	*Kuwait* ⃁ *'000*	*Qatar* ⃁ *'000*	*India* ⃁ *'000*	*Southeast Asia* ⃁ *'000*	*Total Segments* ⃁ *'000*	*Corporate* ⃁ *'000*	*Adjustments and Eliminations**** ⃁ *'000*	*Total equity* ⃁ *'000*
For the year ended 31 December 2024											
Revenue	486,016	197,466	4,142,669	615,425	356,135	220,266	181,045	6,199,022	-	-	6,199,022
External customers											
Inter-segment ***	448,254	-	33,581	2,850	41,501	-	-	526,186	-	(526,186)	-
Total Revenue	934,270	197,466	4,176,250	618,275	397,636	220,266	181,045	6,725,208	-	(526,186)	6,199,022
Income/(expenses)											
Cost of revenue*	(154,555)	(117,396)	(1,699,918)	(290,403)	(176,516)	(89,776)	(60,678)	(2,589,242)	-	-	(2,589,242)
General and administrative expenses	(23,792)	(14,869)	(251,858)	(40,546)	(19,534)	(13,671)	(5,422)	(369,692)	(54,648)	-	(424,340)
Finance costs (net)	(31,135)	(8,297)	(692,055)	(36,709)	(12,846)	(10,912)	(8,732)	(800,686)	(3,229)	-	(803,915)
Depreciation and amortization****	(99,884)	(29,117)	(879,161)	(154,411)	(36,356)	(32,729)	(20,473)	(1,252,131)	-	-	(1,252,131)
Bargain purchase gain	-	-	-	-	-	-	-	-	7,500	-	7,500
Other expenses (net) **	(10,891)	33,896	(103,932)	(23,883)	(13,706)	(9,847)	(11,943)	(140,306)	(180,393)	-	(320,699)
Segment Profit / (Loss)	165,759	61,683	515,745	69,473	97,177	63,331	73,797	1,046,965	(230,770)	-	816,195
Property and equipment	1,091,389	576,800	11,265,380	1,660,430	1,199,929	623,127	1,150,567	17,567,622	-	-	17,567,622

(i) Management presents the assets in the segment which holds such assets, while the capital expenditure is presented in the segment where such assets are utilised.
* Excluding depreciation and amortisation.
** Other expenses (net) include end of service employment benefits, other expenses (net), income and zakat tax expense, share based payment expense and gain from equity remeasurement FVTPL.
*** Inter-segment revenues and other adjustments are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.
****Depreciation and amortisation recorded under cost of revenue.
***** Southeast Asia includes (Indonesia, Thailand, Malaysia and Vietnam).
****** West/Central Africa includes (Nigeria and Angola)
******* Others include (Brazil, Italy, Netherlands and UK)
Following the acquisition of Shelf Drilling Ltd, management has reassessed and updated its presentation of segment reporting disclosure.

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

5 BUSINESS COMBINATIONS

As part of the Group's strategy to expand its fleet and operations, the Group has acquired new businesses which are accounted for as business combinations.

5.1 *Acquisition of Shelf Drilling LTD and its Subsidiaries in 2025*

On 25 November 2025, the Group acquired 100% of the issued shares and voting interests in Shelf Drilling Limited, an international offshore drilling contractor specializing in shallow water drilling services using jack-up rigs.

Prior to obtaining control, the Group had acquired an equity interest of approximately 16.5% in Shelf Drilling Limited in August 2025, which was accounted for as a financial asset measured at fair value through profit or loss (FVTPL) in accordance with IFRS 9.

Upon obtaining control of Shelf Drilling Limited, the Group remeasured its previously held interest to fair value in accordance with IFRS 3 – Business Combinations. The resulting remeasurement gain of ⃁ 88,778 thousand was recognized in profit or loss for the period. The total carrying amount of the investment immediately prior to obtaining control amounted to ⃁ 320,138 thousand.

The acquisition significantly enhanced the Group's operational scale and geographic presence by adding a fleet of jack-up drilling rigs and expanding operations across multiple offshore markets. Following the transaction, the Group operates an enlarged offshore fleet across several international jurisdictions, strengthening its market position in shallow water drilling services.

Identifiable net assets acquired

The provisional fair values of the identifiable assets and liabilities as at acquisition date were:

	Provisional fair values recognized on acquisition ⃁,000
Property and equipment	**6,701,242**
Inventories	**328,768**
Accounts receivable and prepayments	**940,645**
Cash and cash equivalents	**379,267**
Total assets (provisional)*	**8,349,922**
Borrowings	**5,096,826**
Accounts payable and accruals	**595,027**
Employees' end of service benefits	**67,827**
Deferred Revenue	**75,550**
Tax Provisions	**470,027**
Income tax	**70,869**
Deferred tax liability	**30,030**
Total liabilities (provisional)*	**6,406,156**
Total identifiable net assets at fair value (provisional)*	**1,943,766**
Gain from bargain purchase	**(21,209)**
Purchase consideration	**1,922,557**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

5 BUSINESS COMBINATIONS (continued)

5.1 *Acquisition of Shelf Drilling LTD and its Subsidiaries in 2025* (continued)

	Provisional fair values recognized on acquisition ⃁,000
Analysis of purchase consideration:	
Cash consideration for acquired interest	**1,210,763**
Cash consideration relating to previously held interest	**231,360**
Net cash paid	**1,442,123**
Outstanding consideration payable**	**391,656**
Fair value gain of previously held interest	**88,778**
Purchase consideration	**1,922,557**
Analysis of cash flow on acquisition (included in cash flows from investing activities)	
Net Cash paid	**(1,442,123)**
Cash and cash equivalent acquired	**379,267**
Net cash out flows on acquisition	**(1,062,856)**

*Additional clarifications and analysis are required to determine the acquisition date fair value of the assets acquired and liabilities assumed. Thus, the assets and liabilities may be subsequently adjusted, with a corresponding adjustment to gain from bargain purchase prior to 25 November 2026 (within one year from the transaction date).

**Outstanding consideration payable amounting to ⃁ 391,656 thousand is included in trade and other payables (Note 18).

From the date of acquisition, the acquired assets contributed ⃁ 388,923 thousand of revenue from continuing operations of the Group and reported net profit of ⃁ 93,280 thousand.

If the combination had taken place at the beginning of the year the acquired business would have contributed ⃁ 3,871,760 thousand of revenue of continuing operations and would have reported net profit ⃁ 461,620 thousand.

5.2 *Acquisition of Topaz rig along with customer contract and Rig Finance Ltd company in 2024*

The Group acquired two jackup rigs along with customer contracts based in Southeast Asia from Vantage. The acquisition date is determined as 30 October 2024. The transaction involves the direct acquisition of the Topaz rig, which is contracted to work in the offshore Malaysia-Thailand joint development area, and the shares of Rig Finance Ltd., which owns the Soehanah jackup based in Indonesia. These acquisitions are accounted for as business combinations in accordance with IFRS 3 Business Combinations. This transaction resulted in gain on bargain purchase because the fair value of identifiable assets and liabilities acquired exceeded the total fair value of the consideration paid. The Group utilised its position as one of the largest jack-up operator and available liquidity position. These have given added synergies to the Group to negotiate a favorable deal with a seller leading to the gain on bargain purchase supported with the management estimate of the fair value.

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

5 BUSINESS COMBINATIONS (continued)

5.2 *Acquisition of Topaz rig along with customer contract and Rig Finance Ltd company in 2024 (continued)*

The group performed an extensive analysis of the terms of the agreements entered into to give effect to these transactions, applying the ‘inputs, processes, and outputs’ approach required by IFRS 3. Additionally, the group consulted their legal advisor regarding the enforceability of the rights and obligations under these agreements, leading to the evaluation that transaction qualify as business combinations.

Identifiable net assets acquired
The fair values of the identifiable assets and liabilities as at the acquisition were:

	Fair values recognized on acquisition ⃁ ,000
Property and equipment	698,245
Inventories	12,319
Accounts receivable and prepayments	28,439
Cash and cash equivalents	1,864
Total assets	740,867
Accounts payable and accruals	5,902
Employees’ end of service benefits	1,387
Total liabilities	7,289
Total identifiable net assets at fair value	733,578
Gain from bargain purchase	(7,500)
Purchase consideration	726,078
Analysis of purchase consideration	
Net cash paid	711,130
Purchase price adjustment	14,948
Purchase consideration	726,078
Analysis of cash flow on acquisition (included in cash flows from investing activities)	
Net Cash paid	(711,130)
Cash and cash equivalent acquired	1,864
Net cash out flows on acquisition	(709,266)

From the date of acquisition to 31 December 2024, the acquired assets contributed ⃁ 40,542 thousand of revenue from continuing operations of the Group and reported the profit of ⃁ 22,173 thousand.

If the combination had taken place at the beginning of 2024, the acquired business would have contributed ⃁ 243,253 thousand of revenue of continuing operations and would have reported profit ⃁ 133,039 thousand.

6 REVENUES

	For the year ended	
	31 December 2025 ⃁ '000	*31 December 2024 ⃁'000*
Revenue from customer contracts		
Units operations	**6,037,994**	5,919,699
Projects income*	**223,625**	35,878
Catering services	**155,996**	150,873
Others	**107,048**	77,494
Revenue from lease		
Revenue from lease	**164,296**	15,078
	6,688,959	6,199,022

Refer to note 4 for segment disclosure. The primary operational revenue stream is drilling services (units operations) and the revenue is recognised over the time of service.

*Project income, which is recognized overtime, primarily relates to the oilfield enhancement (exploration and production) agreement in Egypt.

Refer to note 13 and note 19 for trade and other receivables and deferred revenue balances with respect to the customer contracts.

7 COST OF REVENUE

	For the year ended	
	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Depreciation and amortization (note 16)	**1,527,576**	1,252,131
Staff cost	**1,165,599**	1,152,378
Maintenance costs	**545,021**	547,350
Catering costs	**210,097**	203,887
Move cost	**138,340**	119,276
Project direct costs	**70,311**	15,491
Crew change costs	**71,253**	78,934
Insurance	**51,238**	55,014
Rental costs (note 17)	**51,093**	73,022
Training cost	**45,311**	52,814
(Reversal)/allowance for inventories (note 12)	**(6,900)**	1,401
Other costs	**286,929**	289,675
	4,155,868	3,841,373

8 GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended	
	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Staff cost	**323,208**	288,989
Professional fees	**31,692**	25,386
Business travel expenses	**28,289**	22,412
Depreciation and amortisation (note 16)	**19,543**	16,500
Free zone expenses	**16,026**	16,711
Communication expenses	**7,007**	9,871
Bank services charges	**5,913**	2,169
Rental cost (Note 17)	**2,237**	2,396
Other expenses	**53,034**	39,906
	486,949	424,340

Auditor's fee for the statutory audit and review of the Group's consolidated financial statements (including financial statements of certain subsidiaries) for the year ended 31 December 2025 amounted to ⃁ 5.950 million (2024: ⃁ 3.855 million).

9 FINANCE COSTS, NET

	For the year ended	
	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Interest cost:		
Loan interest expenses*	**841,481**	762,828
Amortisation of loan transaction costs	**76,824**	46,223
Interest on lease liabilities (note 17)	**35,464**	39,877
Interest rate swap related finance income	**(34,965)**	(79,351)
Interest on overdraft facilities	**8,449**	10,870
Unwinding on a long-term receivable	**(2,302)**	(5,380)
Other finance cost:		
Guarantees related finance costs	**21,009**	20,867
Other finance (income)/cost, net	**(5,424)**	7,981
	940,536	803,915

* During the year ended 31 December 2025, the gross interest is ⃁ 851,275 thousand (2024: ⃁ 784,076 thousand) and the Group capitalized borrowing costs of ⃁ 9,794 thousand (2024: ⃁ 21,248 thousand) that is related to the capital refurbishment projects of the rigs that require substantial time to prepare such rigs for their intended use.

Loan interest expenses comprise amount of ⃁ 739,823 thousand (2024: ⃁ 709,238 thousand) under Islamic Banking Facilities (Sharia compliant) and amount of ⃁ 101,658 thousand (2024: ⃁ 53,590 thousand) under conventional facilities.

10 INCOME TAX AND ZAKAT

Consolidated statement of comprehensive income:

	For the year ended 31 December 2025 ⃁ '000	*For the year ended 31 December 2024 ⃁ '000*
Current income tax	**109,546**	50,859
Deferred tax charge	**26,263**	28,587
	135,809	79,446
Zakat expense	**76,258**	75,205
	212,067	154,651

	For the year ended 31 December 2025 ⃁ '000	*For the year ended 31 December 2024 ⃁ '000*
Profit before income tax	**1,044,928**	970,846
Tax calculated at domestic tax rates applicable to profits in the primary jurisdiction of 8.89 % (2024: 8.89 %)	**92,868**	86,284
Effect of different tax rates in countries in which the Group operates	**108,439**	70,162
Non-deductible expenses	**59,390**	13,389
Non-taxable income	**(133,630)**	(90,389)
Adjustments in respect of current income tax of previous years	**8,742**	-
Income tax expense recognized in the consolidated Statement of comprehensive income	**135,809**	79,446

The effective tax rate is 20.3% (2024: 15.9%)

The Group operates across multiple jurisdictions which are subject to tax rates different than the effective statutory corporate tax rate of 8.89% (2024: 8.89%) (including Zakat tax rate of 2.5%) the mainly reason for the change the domestic's tax base which subject to income tax has been reduced.

Consolidated statement of financial position:

	For the year ended 31 December 2025 ⃁ '000	*For the year ended 31 December 2024 ⃁ '000*
Opening balance	**82,468**	30,218
Acquired as part of business combination (Note 5)	**70,869**	-
Charge for the year	**185,804**	126,064
Paid during the year	**(157,388)**	(73,814)
	181,753	82,468
Current	**144,986**	82,468
Non-current	**36,767**	-
	181,753	82,468

10 INCOME TAX AND ZAKAT (continued)

Deferred tax recognise during the year relates to the following:

	For the year ended	
	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Deferred tax assets/(liabilities)		
Property and equipment	**(60,048)**	(27,538)
Withholding Tax credit	**29,429**	-
Provision and others	**3,969**	943
Provision for employee terminal benefits	**387**	(1,992)
Derivative financial instruments – cash flow hedges (Note 28-a)	**3,903**	684
Remeasurement on defined benefit plans (Note 21-b)	**1,531**	(4,647)
Fair value reserve of financial assets at FVOCI (Note 28-b)	**187**	(187)
	(20,642)	(32,737)

Reconciliation of deferred tax liabilities, net:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Opening balance	**(94,068)**	(61,331)
Acquired as part of business combination (Note 5)	**(30,030)**	-
Movement for the year	**(20,642)**	(32,737)
	(144,740)	(94,068)

Deferred tax (expense)/benefit for the year is charged to consolidated statement of comprehensive income:

	For the year ended	
	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Profit or loss - income tax and zakat expense	**(26,263)**	(28,587)
Other comprehensive gain/(loss)	**5,621**	(4,150)
	(20,642)	(32,737)

10 INCOME TAX AND ZAKAT (continued)

Components of zakat base

The Group and its local subsidiary registered under the Saudi Arabian law, file their zakat and income tax declaration on a standalone basis. The significant components of the zakat base of the Group, as per the new zakat regulations, are principally comprised of the difference between book net profit and adjusted net profit plus equity and equivalents plus non-current liabilities and current liabilities in excess of current assets (limited to deductible assets) less deductions. in addition, the zakat base is subject to a minimum and maximum cap as specified under the new zakat regulations.

Income tax and zakat assessments

The Company, along with certain affiliates are subject to zakat and tax review and audits in the jurisdictions where they operate.

For the Saudi Arabia domestic entities, the zakat and tax declarations for up to the year 2024 have been filed. However, the final assessments have not yet been raised by tax authorities. During 2024 and 2025, the General Authority of Zakat, Tax, and Customs (“ZATCA”) initiated tax audit by requesting specific information and analysis for year 2023 for both ADES Holding Company and the KSA Branch of ADES GCC For Drilling. ADES Holding Tax inspection has been finalized and accepted with no material differences. Branch of ADES GCC tax inspection is still ongoing.

For other international entities, the examination of tax returns for certain prior years is still pending or ongoing. However, the Group is not aware of any material claims that may result in material additional tax payments and, as such, no provisions have been recorded in the consolidated financial statements.

Pillar two rules

The Organisation for Economic Co-operation and Development (OECD) / G20 Inclusive Framework on Base Erosion and Profit Shifting has issued the Pillar Two global minimum tax rules (“GloBE Rules”), which are designed to ensure that large multinational enterprise groups are subject to a minimum effective tax rate of 15 percent in each jurisdiction in which they operate.

The Group is within the scope of the Pillar Two legislation as it exceeds the consolidated revenue threshold of EUR 750 million and operates across multiple jurisdictions. Certain jurisdictions in which the Group operates have enacted or substantively enacted Pillar Two legislation, including rules relating to the Income Inclusion Rule (“IIR”) and Domestic Minimum Top-up Tax (“DMTT”).

For the year ended 31 December 2025, the Group recognised a current tax expense of ⃁ 25,421 thousand (31 December 2024: Nil) in respect of the Pillar Two global minimum top-up tax, which has been presented within income tax expense in the consolidated statement of profit or loss.

In accordance with the amendments to IAS 12 – International Tax Reform (Pillar Two Model Rules), the Group has applied the mandatory temporary exception from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. Accordingly, the top-up tax is recognised as current tax in the period in which it arises.

The Group continues to monitor the implementation of Pillar Two legislation across the jurisdictions in which it operates and will update its assessment as further legislation becomes effective.

11 CASH AND CASH EQUIVALENTS

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Bank balances	**1,586,647**	743,803
Time deposits*	**871,188**	-
Cash on hand	**614**	384
	2,458,449	744,187

* The average rate on time bank deposits during 2025 is 3.84 % per annum with an average maturity of less than one month.

12 INVENTORIES

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Spare parts, supplies and consumables at:		
Offshore rigs	**678,021**	387,356
Warehouse and yards	**201,247**	90,685
Onshore rigs	**68,233**	49,232
	947,501	527,273

As at 31 December 2025, the inventories are stated net of provision for impairment of inventory amounting to ⃁ 56,336 thousand (31 December 2024: ⃁ 64,925 thousand).

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Opening balance	**64,925**	65,797
Charge during the year	**18,502**	1,401
Reversal during the year	**(25,402)**	-
Write off during the year	**(1,689)**	(2,273)
	56,336	64,925

13 TRADE AND OTHER RECEIVABLES

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Trade receivables	**1,178,586**	1,003,794
Provision for impairment of trade receivables	**(470,206)**	(470,206)
	708,380	533,588
Unbilled receivables*	**733,190**	524,671
Invoice retention**	**261,251**	324,245
	1,702,821	1,382,504
Current	**1,690,838**	1,382,504
Non-current	**11,983**	-
	1,702,821	1,382,504

Trade receivables are non-interest bearing and are generally on 30 to 90 days terms, except for one customer balance which is fully impaired, after which trade receivables are considered to be past due. Unimpaired trade receivables are expected to be fully recoverable based on the past experience. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

* There was no impairment of unbilled receivable and hence no ECL has been recorded (31 December 2024: Nil). Unbilled receivables are neither overdue nor impaired.

**This represents the amounts retained by the customers on the sales invoices as per the terms of the customer contracts.

As at 31 December, the aging analysis of trade receivables (net of impairment) are as follows:

		Past due but not impaired				
	Neither past due nor impaired ⃁ '000	***<30 days ⃁ '000***	***30 – 60 days ⃁ '000***	***61 - 90 days ⃁ '000***	***>90 days ⃁ '000***	***Total ⃁ '000***
2025	**535,376**	**97,562**	**20,756**	**4,683**	**50,003**	**708,380**
2024	333,493	92,448	45,788	27,464	34,395	533,588

14 PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Prepaid expenses	**214,849**	70,968
Prepaid mobilization	**98,093**	69,318
Advances to contractors and suppliers	**78,031**	350,620
Insurance with others	**78,165**	65,228
Insurance deposits	**27,702**	27,683
Margin deposits against letter of guarantees	**16,608**	15,005
Restricted cash*	**34,713**	-
Tax related receivables	**31,788**	-
VAT Input	**93,694**	75,077
Provision for other receivables	**(6,828)**	(6,828)
Dividends receivable	**4,594**	4,594
Provision for impairment in dividends receivables	**(4,594)**	(4,594)
Other receivables	**94,481**	50,506
	761,296	717,577
Current	**571,850**	502,391
Non-current	**189,446**	215,186
	761,296	717,577

* This represents cash deposited with banks as security for bank guarantees and performance guarantees with certain customer contracts. The amount will become unrestricted upon completion of the related contracts.

15 INVESTMENTS IN A JOINT VENTURE

Investment in Egyptian Chinese Drilling Company:

The Group holds a 48.75% equity interest in Egyptian Chinese Drilling Company (ECDC). ECDC is a Joint Stock Company operating in storing and renting machinery and all needed equipment to the petroleum industry. As at 31 December 2025, the investment is stated net of provision for impairment of investment of ⃁ 34,013 thousand (31 December 2024: ⃁ 25,416 thousand).

Summarised statement of financial position as at 31 December:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Non-current assets	**80,981**	66,076
Current assets	**79,350**	98,101
Current liabilities	**(90,559)**	(112,042)
Net assets	**69,772**	52,135
The Group's share in net assets at adjusted fair value equity - 48.75%	**34,013**	25,416
Impairment of ECDC investment	**-**	-
Carrying amount of interest in joint venture	**34,013**	25,416

16 PROPERTY AND EQUIPMENT

31 December 2025	**Rigs ⃁ '000**	**Furniture and fixtures ⃁ '000**	**Drilling pipes ⃁ '000**	**Tools ⃁ '000**	**Assets under construction ⃁ '000**	**IT equipment ⃁ '000**	**Motor vehicles ⃁ '000**	**Leasehold improvement ⃁ '000**	**Building ⃁ '000**	**Leasehold land ⃁ '000**	**Total ⃁ '000**
Cost:											
As at 1 January 2025	**18,712,639**	**18,674**	**158,663**	**631,259**	**458,949**	**15,036**	**3,097**	**694,330**	**34,450**	**58,478**	**20,785,575**
Additions	**576,485**	**722**	**11,151**	**110,445**	**1,414,995**	**507**	**-**	**3,452**	**-**	**-**	**2,117,757**
Acquisitions through business combinations (Note 5)	**6,653,552**	**-**	**-**	**-**	**-**	**39,589**	**112**	**-**	**2,748**	**5,241**	**6,701,242**
Transfers	**1,286,030**	**-**	**16,714**	**133,337**	**(1,437,859)**	**1,447**	**266**	**65**	**-**	**-**	**-**
Retirements and disposals	**(31,337)**	**-**	**-**	**(185)**	**-**	**(31)**	**-**	**-**	**-**	**-**	**(31,553)**
As at 31 December 2025	**27,197,369**	**19,396**	**186,528**	**874,856**	**436,085**	**56,548**	**3,475**	**697,847**	**37,198**	**63,719**	**29,573,021**
Accumulated depreciation and impairment:											
As at 1 January 2025	**(2,651,702)**	**(5,700)**	**(110,038)**	**(231,014)**	**(2,870)**	**(9,186)**	**(2,095)**	**(203,945)**	**(1,403)**	**-**	**(3,217,953)**
Depreciation	**(1,074,266)**	**(2,339)**	**(20,147)**	**(93,580)**	**-**	**(2,493)**	**(532)**	**(130,102)**	**(1,957)**	**-**	**(1,325,416)**
Impairment	**-**	**-**	**-**	**-**	**(16,610)**	**-**	**-**	**-**	**-**	**-**	**(16,610)**
Retirements and disposals	**17,862**	**-**	**-**	**60**	**-**	**20**	**-**	**-**	**-**	**-**	**17,942**
As at 31 December 2025	**(3,708,106)**	**(8,039)**	**(130,185)**	**(324,534)**	**(19,480)**	**(11,659)**	**(2,627)**	**(334,047)**	**(3,360)**	**-**	**(4,542,037)**
Net book value:											
At 31 December 2025	**23,489,263**	**11,357**	**56,343**	**550,322**	**416,605**	**44,889**	**848**	**363,800**	**33,838**	**63,719**	**25,030,984**

16 PROPERTY AND EQUIPMENT (continued)

31 December 2024	Rigs ⃁ ’000	Furniture and fixtures ⃁ ’000	Drilling pipes ⃁ ’000	Tools ⃁ ’000	Assets under construction ⃁ ’000	IT equipment ⃁ ’000	Motor vehicles ⃁ ’000	Leasehold improvement ⃁ ’000	Building ⃁ ’000	Leasehold land ⃁ ’000	Total ⃁ ’000
Cost:											
As at 1 January 2024	13,979,466	17,156	148,545	502,983	2,944,280	11,185	2,235	636,229	20,078	58,478	18,320,635
Additions	934,964	1,454	7,047	48,699	712,314	3,818	298	58,101	-	-	1,766,695
Acquisitions through business combinations (Note 5)	698,245	-	-	-	-	-	-	-	-	-	698,245
Transfers	3,099,964	64	3,071	79,577	(3,197,645)	33	564	-	14,372	-	-
As at 31 December 2024	18,712,639	18,674	158,663	631,259	458,949	15,036	3,097	694,330	34,450	58,478	20,785,575
Accumulated depreciation and impairment:											
As at 1 January 2024	(1,826,169)	(3,421)	(85,797)	(173,546)	(2,870)	(6,276)	(1,669)	(71,103)	-	-	(2,170,851)
Depreciation	(864,446)	(2,279)	(24,241)	(57,468)	-	(2,910)	(426)	(132,842)	(1,403)	-	(1,086,015)
Reversal of impairment	38,913	-	-	-	-	-	-	-	-	-	38,913
As at 31 December 2024	(2,651,702)	(5,700)	(110,038)	(231,014)	(2,870)	(9,186)	(2,095)	(203,945)	(1,403)	-	(3,217,953)
Net book value:											
At 31 December 2024	16,060,937	12,974	48,625	400,245	456,079	5,850	1,002	490,385	33,047	58,478	17,567,622

Most of the rigs are pledged to the lenders (banks) against loans and borrowings (note 20).

16 PROPERTY AND EQUIPMENT (continued)

Impairment assessment and key assumptions used in value in use calculations.
Based on the impairment assessment, Management concluded that recoverable values are higher than the net carrying values of all individual assets. The calculation of value in use is most sensitive to the following assumptions:

- Day rates, EBITDA margins and utilisation days of rigs
- Discount rates
- Remaining useful lives of rigs and estimated future capital expenditures.

Day rates, gross margins and utilisation days – Day rates, gross margins and utilisation days of rigs are estimated based on historical results and the current customer contracts. These are increased over the budget period due to efficiency improvements.

Allocation of depreciation charge:
Depreciation and amortization charge is allocated as follows:

	For the year ended	
	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Cost of revenue (note 7)	**1,527,576**	1,252,131
General and administrative expenses (note 8)	**19,543**	16,500
Total depreciation and amortization charge*	**1,547,119**	1,268,631

* Total depreciation and amortization charge for the year includes depreciation of property and equipment of ⃁ 1,325,416 thousand (31 December 2024: ⃁ 1,086,015 thousand), amortization of intangible assets and depreciation of right of use assets of ⃁ 1,145 thousand (31 December 2024: ⃁ 913 thousand) and ⃁ 220,558 thousand (31 December 2024: ⃁ 181,703 thousand) respectively.

Assets under construction and transfers:
Assets under construction represents the amounts that are incurred for any purpose of upgrading and refurbishing property and equipment until it is ready to be used in the operation and amount paid for new rigs purchased that are not ready for use. Assets under construction will mainly be transferred to 'Rigs', 'Tools' of the property and equipment after completion. During the year ended 31 December 2025, the Group completed capital projects for the amount of ⃁ 1,437,859 thousand (31 December 2024: ⃁ 3,197,645 thousand) and transferred to the relevant asset categories.

During the year ended 31 December 2025, the Group capitalized borrowing costs of ⃁ 9,794 thousand (2024: ⃁ 21,248 thousand) that are related to the capital refurbishment projects of the rigs that require substantial time to prepare such rigs for their intended use. The rate used to determine the amount of borrowing costs eligible for capitalisation was 6.39% (31 December 2024: 7.35%) which is the effective interest rate of the related borrowings.

17 LEASES

17-a Right of use assets

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

31 December 2025	***Rigs*** ***⃁ '000***	***Yards and warehouse*** ***⃁ '000***	***Office premises*** ***⃁ '000***	***Motor vehicles*** ***⃁ '000***	***Other equipment*** ***⃁ '000***	***Total*** ***⃁ '000***
Cost:						
As at 1 January 2025	**618,828**	**20,656**	**25,165**	**32,762**	**126,609**	**824,020**
Additions	**-**	**8,257**	**9,533**	**30,010**	**116,008**	**163,808**
Acquisitions through business combinations (Note 5)	**4,726**	**15,964**	**11,593**	**4,195**	**90**	**36,568**
Terminated *	**-**	**(10,516)**	**(1,598)**	**(8,525)**	**(16,249)**	**(36,888)**
Other adjustments	**-**	**-**	**-**	**(7,316)**	**(1,226)**	**(8,542)**
As at 31 December 2025	**623,554**	**34,361**	**44,693**	**51,126**	**225,232**	**978,966**
Accumulated Depreciation						
As at 1 January 2025	**(210,574)**	**(17,666)**	**(11,622)**	**(22,091)**	**(67,921)**	**(329,874)**
Depreciation (note 16)	**(124,220)**	**(6,943)**	**(9,055)**	**(12,829)**	**(67,511)**	**(220,558)**
Terminated *	**-**	**10,516**	**1,542**	**6,564**	**5,260**	**23,882**
Other adjustments	**-**	**(7)**	**-**	**8,504**	**(26)**	**8,471**
As at 31 December 2025	**(334,794)**	**(14,100)**	**(19,135)**	**(19,852)**	**(130,198)**	**(518,079)**
Net Book Value						
At 31 December 2025	**288,760**	**20,261**	**25,558**	**31,274**	**95,034**	**460,887**

17 LEASES (continued)

17-a Right of use assets (continued)

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year (continued):

31 December 2024	*Rigs* ⃁ *'000*	*Yards and warehouse* ⃁ *'000*	*Office premises* ⃁ *'000*	*Motor vehicles* ⃁ *'000*	*Other equipment* ⃁ *'000*	*Total* ⃁ *'000*
Cost:						
As at 1 January 2024	610,655	20,084	23,619	30,277	113,143	797,778
Additions	8,173	982	1,546	5,963	18,703	35,367
Terminated *	-	(56)	-	(3,137)	(4,964)	(8,157)
Other adjustments	-	(354)	-	(341)	(273)	(968)
As at 31 December 2024	618,828	20,656	25,165	32,762	126,609	824,020
Accumulated Depreciation						
As at 1 January 2024	(85,750)	(14,104)	(6,560)	(13,577)	(34,170)	(154,161)
Depreciation (note 16)	(124,824)	(3,463)	(4,989)	(10,672)	(37,755)	(181,703)
Terminated *	-	56	-	2,158	3,739	5,953
Other adjustments	-	(155)	(73)	-	265	37
As at 31 December 2024	(210,574)	(17,666)	(11,622)	(22,091)	(67,921)	(329,874)
Net Book Value						
At 31 December 2024	408,254	2,990	13,543	10,671	58,688	494,146

* Leases terminated during the years ended 31 December 2025 and 2024 have no impact on the cashflows of the Group. Accordingly, these are considered as non-cash transactions in the consolidated statement of cash flows.

17 LEASES (continued)

17-b Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	31 December 2025 ⃁ ’000	*31 December 2024 ⃁ ’000*
Opening balance	**515,489**	643,826
Acquired as part of business combination	**21,532**	-
Additions	**163,808**	35,004
Lease modification-Terminations	**(12,818)**	(2,204)
Lease modification-Other adjustments	**66**	(66)
Accretion of interest	**35,464**	39,877
Payments	**(238,604)**	(200,948)
	484,937	515,489
Current (note 18)	**222,005**	163,115
Non-current	**262,932**	352,374
	484,937	515,489

The following are the amounts recognised in the consolidated statement of comprehensive income for year:

	For the year ended	
	31 December 2025 ⃁ ’000	*31 December 2024 ⃁ ’000*
Depreciation expense of right-of-use assets	**220,558**	181,703
Interest expense on lease liabilities (note 9)	**35,464**	39,877
Expense relating to short-term leases (Included in Cost of revenue as rental costs) (note 7)	**51,093**	73,022
Expense relating to short-term lease (Included in General and administrative expenses as rental costs) (note 8)	**2,237**	2,396
Total amount in the consolidated statement of comprehensive income	**309,352**	296,998

18 TRADE AND OTHER PAYABLES

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Trade payables*	**957,303**	736,576
Accrued expenses	**404,889**	221,591
Lease liabilities (note 17-b)	**222,005**	163,115
Outstanding acquisition consideration payable	**391,656**	18,222
Accrued interest	**41,892**	43,243
Other payables	**134,602**	87,561
	2,152,347	1,270,308
Current	**2,133,993**	1,270,308
Non-current	**18,354**	-
	2,152,347	1,270,308

* Trade payables are non-interest bearing and are normally settled by the Group within 60-180 day terms.

19 DEFERRED REVENUE

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Opening balance	**1,038,938**	867,661
Acquired as part of business combination (Note 5)	**75,550**	-
Additions	**138,410**	567,319
Revenue recognized	**(456,438)**	(396,042)
	796,460	1,038,938
Current	**360,206**	358,976
Non-current	**436,254**	679,962
	796,460	1,038,938

Deferred revenue mainly represents the amounts collected from the customers for mobilization of the rigs which is recognized over time.

20 INTEREST BEARING LOANS AND BORROWINGS

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Opening balance	**12,056,690**	10,349,698
Acquired as part of business combination (Note 5)	**5,096,826**	-
Borrowings drawn during the year	**10,727,743**	3,193,562
Borrowings repaid during the year*	**(7,652,658)**	(1,427,773)
Amortised/(unamortised) arrangement fees, net	**21,064**	(58,797)
	20,249,665	12,056,690
Current	**2,290,203**	1,331,334
Non-current	**17,959,462**	10,725,356
	20,249,665	12,056,690

* This includes settlement of the full outstanding bond balance acquired through the business combination.

Type	***Original tenor***	***31 December 2025 ⃁ '000***	*31 December 2024 ⃁ '000*
Current loans and borrowings			
Loan 1 Syndication Facility A	8 Years	**413,631**	295,086
Loan 1 Syndication Facility C	8 Years	**240,000**	180,000
Loan 1 Syndication Facility D	8 Years	**724,943**	77,000
Loan 2 BSF	7 Years	**217,446**	184,924
Loan 3 SNB	8 Years	**179,002**	133,888
Loan 4 AL Rajhi	8 Years	**142,845**	142,782
Loan 5 Al Inmaa	8 Years	**320,294**	266,157
Loan 6 Al Mashreq	5 Years	**4,950**	6,600
Credit Facility 1 – ABK		**47,092**	38,328
Credit Facility 2 – SAIB		**-**	4,651
Credit Facility 3 – EGB		**-**	1,918
Total current loans and borrowings		**2,290,203**	1,331,334

20 INTEREST BEARING LOANS AND BORROWINGS (continued)

Type	*Original tenor*	***31 December 2025 ⃁ '000***	*31 December 2024 ⃁ '000*
Non-current loans and borrowings			
Loan 1 Syndication Facility A	8 Years	**2,242,300**	2,657,914
Loan 1 Syndication Facility C	8 Years	**1,240,000**	1,480,000
Loan 1 Syndication Facility D	8 Years	**8,981,236**	1,022,999
Loan 2 BSF	7 Years	**1,527,465**	1,336,875
Loan 3 SNB	8 Years	**912,627**	1,091,623
Loan 4 AL Rajhi	8 Years	**992,485**	1,135,328
Loan 5 Al Inmaa	8 Years	**2,063,349**	1,995,667
Loan 6 Al Mashreq	5 Years	**-**	4,950
Total non-current loans and borrowings		**17,959,462**	10,725,356
Total loans and borrowings*		**20,249,665**	12,056,690

* The Group's loans and borrowings comprise amount of ⃁ 17,170,066 thousand (2024: ⃁ 10,926,768 thousand) under Islamic Banking Facilities (Sharia compliant) and amount of ⃁ 3,079,599 thousand (2024: ⃁ 1,129,922 thousand) under conventional facilities.

Loans and borrowings carries coupon interest, based on SOFR and SAIBOR with average margin range of 0.9%-1.5% p.a. (2024: 0.9%-1.5% p.a).

The Group has secured loans and borrowings as follows:

- Loan 1 Syndication Facility A, B, C, D and E

In November 2021, ADES Arabia Holding Company (an entity under common control) and ADES Saudi Limited Company (a subsidiary of the Group) jointly signed a syndication term loan facility agreement with a facility total amount of USD 310 million (⃁ 1,162.5 million) and USD 1,290 million (⃁ 4,837.5 million) divided over eight banks which include Goldman Sachs Bank USA, Riyad Bank, Arab Petroleum Investments Corporation (APICORP), Banque Saudi Fransi, Gulf International Bank B.S.C., The Saudi National Bank, Al Rajhi Banking and Investment Corporation and Arab National Bank. During 2022, additional lender Saudi Awwal Bank (formerly known as The Saudi British Bank) ('SAB') acceded to the agreement as the ninth lender.

Facility A is repayable in half-yearly instalments effective from June 2022 to December 2029. Facility C is repayable in half-yearly instalments effective from June 2023 to December 2029. As at 31 December 2025, the principal amount outstanding is USD 735 million (equals to ⃁ 2.756 billion) (31 December 2024: USD 819 million (equals to ⃁ 3.07 billion)) and USD 395 million (equals to ⃁ 1,480 million) (31 December 2024: USD 442 million (equals to ⃁ 1,660 million)) of Facility A and C, respectively. During the year ended 31 December 2025, the Group has repaid ⃁ 315 million (31 December 2024: ⃁ 315 million) and ⃁ 180 million (31 December 2024: ⃁ 180 million) of Facility A and C, respectively.

20 INTEREST BEARING LOANS AND BORROWINGS (continued)

- Loan 1 Syndication Facility A, B, C, D and E (continued)

Facility B is a revolving credit facility (“RCF”) with the original total amount of USD 150 million (equals to ⃁ 562.5 million). During the period ended 31 December 2023, one of the existing lenders under the syndicated facility increased their participation with additional USD 150 million (equals to ⃁ 562.5 million) under Facility B which has increased Facility B total commitments to USD 300 million (equals to ⃁ 1,125 million). RCF facility is valid till 31 December 2028 with a requirement to clean down the balance once in each calendar year. As at 31 December 2025, the principal amount outstanding is Nil (31 December 2024: nil).

On 14 July 2024, the Group signed an amendment to its existing syndicated facility, securing an additional USD 3 billion, with the majority of existing lenders participating along with new, leading local and regional financial institutions (Alinma Bank, Bank Aljazira and Commercial Bank of Dubai PSC). The new USD 3 billion upsized financing is predominantly intended as a standby facility for the Group’s ambitious expansion plans, divided into the equivalent of a USD 2.7 billion standby term tranche (Facility D). and additional USD 300 million Revolving Credit Facility (RCF) (Facility E). The USD 2.7 billion standby term tranche has 8.5 years term with a final maturity in December 2032, including a 12-month grace period. The amount to be utilized under the standby term tranche shall be repaid on a semi-annual basis at the final maturity date. RCF (Facility E) has 8 years with a final maturity in June 2032. During year 31 December 2025, the Group has utilized from tranche of USD 2,58 billion (equals to ⃁ 9,706 billion) (31 December 2024: USD 293 million (equals to ⃁ 1,099 million). During the year ended 31 December 2025, the Group has repaid ⃁ 419 million (31 December 2024: Nil). The loan 1 Syndication Facility is secured against pledge over certain rigs, assignment of proceeds over the rigs related to customer contracts, pledge over related collection accounts, and assignments of related insurance claims.

- Loan 2 BSF

In March 2022, ADES Saudi Limited Company signed a loan agreement with total amount of USD 380 million (equals to ⃁ 1,425 million) with Banque Saudi Francis. The loan is repayable in 27 Quarterly instalments effective from March 2023 to September 2029. During 2024, BSF facility was upsized with additional ⃁ 824 million which long-term. As at 31 December 2025, the principal amount outstanding is USD 468 million (equals to ⃁ 1,755 million) (31 December 2024: USD 407 million (equals to ⃁ 1,530 million)) and the proceeds were used for acquisition and refurbishment of rigs and acquisition of equipment. The facility includes additional limit to be utilized for the issuance of letter of guarantees amounting to ⃁ 187.5 million, additional overdraft limit with ⃁ 30 million and additional multipurpose limit to cover working capital needs including issuance for letter of guarantees and short- term loans with total amount of ⃁ 150 million (31 December 2024: ⃁ Nill). During the year ended 31 December 2025, the Group has repaid ⃁ 187 million (31 December 2024: ⃁ 153 million). The Loan 2 BSF is secured against pledge over certain rigs, assignment of proceeds over the rigs related to customer contracts, pledge over related collection accounts, and assignments of related insurance claims.

- Loan 3 SNB

In April 2022, ADES Saudi Limited Company signed a loan agreement with total amount of USD 400 million (equals to ⃁ 1,500 million) with the Saudi National Bank. The loan is repayable in 29 Quarterly instalments effective from April 2023 to April 2030. As of 31 December 2025, the principal amount outstanding is USD 292 million (equals to SAR 1,095 million) (31 December 2024: USD 328 million (equals to ⃁ 1,230 million)) and the proceeds were used for the acquisition and refurbishment of the rigs and acquisition of equipment. During the year ended 31 December 2025, the Group has repaid ⃁ 135 million (31 December 2024: ⃁ 135 million). Loan 3 SNB is secured against pledge over certain rigs, assignment of proceeds over related clients’ contracts, pledge over certain collection accounts, and assignments of related insurance claims.

20 INTEREST BEARING LOANS AND BORROWINGS (continued)

- Loan 4 AL Rajhi

In June 2022, ADES Saudi Limited Company signed a loan agreement with total amount of ⃁ 937.5 million (USD 250 million) with Al Rajhi Banking & Investment Corporation. The loan is repayable in 29 quarterly instalments effective from July 2023 to July 2030. During 2022, ADES Saudi Limited Company and the bank agreed to increase the total loan amount to reach ⃁ 1,500 million (USD 400 million). As at 31 December 2025, the principal amount outstanding is USD 304 million (equals to ⃁ 1,140 million) (31 December 2024: USD 342 million (equals to ⃁ 1,284 million)) and used the proceeds for the acquisition and refurbishment of rigs and acquisition of equipment. During the year ended 31 December 2025, the Group has repaid ⃁ 144 million (31 December 2024: ⃁ 144 million). The Loan 4 AL Rajhi is secured against pledge over certain rigs, assignment of proceeds over related clients' contracts, pledge over certain collection accounts, and assignments of certain insurance claims.

- Loan 5 Al Inmaa Facility

In July 2022, ADES Saudi Limited Company jointly signed a loan agreement in the amount of ⃁ 2,693 million (USD 2,693 million) with Al Inmaa Bank. The loan is repayable in 15 Semi-annual instalments effective from September 2023 to September 2030. During 2022, the Company utilized ⃁ 2,500 million (equals to USD 666.7 million)). As at 31 December 2025, the principal amount outstanding is USD 639 million (equals to ⃁ 2,396 million) (31 December 2024: USD 607 million (equals to ⃁ 2,277 million)) and used the proceeds for the acquisition and refurbishment of rigs and acquisition of equipment. The Al Inma facility includes a separate line amounting to ⃁ 150 million for the purpose of covering short-term working capital needs, During the year ended 31 December 2025, the Group has repaid ⃁ 296 million (31 December 2024: Nil) related to the long-term loan, and Nil (31 December 2024: Nil) related to working capital line. This is due to rescheduling the contract with new terms and agreed on one year grace period from 1st April 2024 to 1st April 2025. Facility is secured against pledge over certain rigs, assignment of proceeds over clients' contracts, pledge over collection accounts, and assignments of insurance claims.

- Loan 6 Mashreq Loan

During 2021, the Group obtained a loan facility of KWD 2.7 million (equals to ⃁ 33 million) from Mashreq Bank PSC to facilitate the purchase of usufruct land and construction of the administrative building. This loan is repayable in 18 quarterly equal instalments effective from June 2022. The loan is denominated in Kuwaiti Dinar. As at 31 December 2025, the principal amount outstanding is ⃁ 5 million (31 December 2024: ⃁ 11,5 million). During the year ended 31 December 2025, the Group has repaid ⃁ 6.6 million (31 December 2024: ⃁ 6.6 million). The facility is secured by a first-degree mortgage over the usufruct land and building under capital work in progress.

Bank credit facilities

Credit Facility 1 is granted by Al Ahli Bank of Kuwait (ABK) with an overdraft facility limit amounting to USD 15 million equivalent to ⃁ 56 million which is secured by promissory note & is renewable.

Credit Facility 2 is granted by Société Arabe International De Banque – Egypt (SAIB) with a total amount of USD 5 million as equivalent to ⃁ 18,7 million for overdrafts which is secured by promissory note & is renewable.

Credit Facility 3 is granted by Egyptian Gulf Bank (EGB) with an overdraft facility limit amounting to USD 17.5 million equivalent to ⃁ 65.7 million available for overdrafts and/or Letters of Guarantee, which is renewable and secured by promissory note.

20 INTEREST BEARING LOANS AND BORROWINGS (continued)

Bank credit facilities (continued)

Credit Facility 4 is granted by the Export Development Bank of Egypt (EBE) with a non-secured facility limit amounting to USD 12 million equivalent to ⃁ 45 million available for overdrafts &/or Letters of Guarantee which is secured by promissory note & is renewable.

Credit Facility 5 is granted by Emirates National Bank of Dubai S.A.E with a total amount of USD 20 million equivalent to ⃁ 75 million available for overdrafts &/or Letters of Guarantee which is secured by promissory note & is renewable.

Credit Facility 6 is granted by Abu Dhabi Commercial Bank – Egypt (ADCB) with a total amount of USD 4 million equivalent to ⃁ 15 million available for overdrafts &/or Letters of Guarantee which is secured by promissory note & is renewable.

Credit Facility 7 is granted by Suez Canal Bank (SCB) with an overdraft facility limit amounting to USD 18 million equivalent to ⃁ 67.5 million available for overdrafts &/or Letters of Guarantee available for overdraft. It is secured by promissory note & is renewable.

The bank overdrafts do not form part of the cash and cash equivalents as these are not integral part of the Group’s liquidity management.

The secured bank loan is subject to the specific covenants:
The Group existing debt facilities includes certain financial covenants. The financial covenants are tested semi-annually as of end of June and December for each year, while management is proactively monitoring the covenants on looking forward basis. As of 31 December 2025 there has not been any non-compliance observed in relation to the financial covenants.

The financial covenants include minimum tangible net worth, current ratio, debt service coverage ratio and maximum gearing, leverage and net leverage ratios. The definitions used for calculating the financial covenants are based on the debt facilities documentations which may vary from IFRS and includes certain adjustments to the actual amounts.

21 PROVISIONS

	31 December 2025 ⃁ ’000	*31 December 2024 ⃁ ’000*
Tax provision*	**507,751**	36,718
Employees end of service benefit	**303,067**	159,142
	810,818	195,860
Current	**326,672**	7,289
Non-Current	**484,146**	188,571
	810,818	195,860

21 PROVISIONS (continued)

21-a Tax Provisions:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Opening balance*	**36,718**	10,286
Acquired as part of business combination (note 5) **	**470,027**	-
Unwinding of interest	**1,230**	-
Charge during year	**873**	30,448
Paid during year	**(1,097)**	(4,016)
	507,751	36,718
Current	**326,672**	7,289
Non-current	**181,079**	29,429
	507,751	36,718

* Tax provisions primarily represent provision made for withholding taxes which are borne by the Group. The Group is subject to withholding taxes on intercompany lease agreements entered into between its subsidiaries in different countries. The Group is reasonably certain that the portion of withholding taxes suffered can be claimed as tax refund which is contingent upon successful completion of the required registrations under the relevant double tax treaties. The Group does not expect any further liability and is confident that the tax refund will be obtained for the future withholding taxes to be paid upon settlement of the lease related liabilities between the subsidiaries.

**The provisions recognized as part of the business combination represent the fair value of tax exposures assumed on acquisition of Shelf Drilling Limited, including matters relating to VAT, transfer pricing and other indirect taxes across certain jurisdictions

21-b Employees end of service benefit:

Provision is made for the full amount of end of service benefits in accordance with Local Labour Laws of each relevant jurisdiction. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Present value of defined benefit obligation	**303,067**	159,142
Charged on the consolidated statement of comprehensive income is as follows:		
Current service cost	**45,493**	42,140
Interest cost on benefit obligation	**7,943**	9,364
Net benefit expense	**53,436**	51,504

21 PROVISIONS (continued)

21-b Employees end of service benefit: (continued)

Movement in employees' end of service benefit during the year is as follows:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Opening balance	**159,142**	199,144
Acquired as part of business combinations (Note 5)	**67,827**	1,387
Net benefit expense	**53,436**	51,504
Remeasurement loss/(gain) on defined benefit plans	**47,323**	(72,963)
Benefits paid	**(24,661)**	(19,930)
	303,067	159,142

Principal actuarial assumptions	***31 December 2025***	*31 December 2024*
1- KSA		
Weighted average duration of defined benefit obligation	**6 years and 9 years**	7 years and 11 years
Discount factor used	**4.6% - 5%**	5.2% - 5.4%
Salary increases rate	**3%**	3%
Mortality rate	**100%WHO SA19**	100%WHO SA19
Rates of employee's turnover	**5% - 16%**	9% - 22%
2- Kuwait		
Weighted average duration of defined benefit obligation	**10 years**	10 years
Discount factor used	**4.20%**	4.55%
Salary increases rate	**5%**	3%
Morality rate	**100% WHO Ku19**	100% WHO Ku19
Rates of employee's turnover	**1.5% - 3%**	1.5% - 2.5%
3- Qatar		
Weighted average duration of defined benefit obligation	**5 years**	6 years
Discount factor used	**4%**	4.80%
Salary increases rate	**3%**	3%
Morality rate	**75% of WHO Qa19**	75% of WHO Qa19
Rates of employee's turnover	**11% - 12%**	8% - 12%
4- India		
Weighted average duration of defined benefit obligation	**2 years**	9 years
Discount factor used	**5.7%**	7%
Salary increases rate	**5%**	5%
Morality rate	**100% IALM 2012-14**	100% IALM 2012-14
Rates of employee's turnover	**2% - 12%**	8%
5- Thailand		
Weighted average duration of defined benefit obligation	**3 years**	6 years
Discount factor used	**3%**	4.4%
Salary increases rate	**3%**	3%
Morality rate	**100% WHO Th19**	100% WHO Th19
Rates of employee's turnover	**2% - 5%**	5%

22 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	31 December 2025	*31 December 2024*
Authorised shares (in thousands /'000)	**1,129,063**	1,129,063
Issued shares (in thousands /'000)	**1,129,063**	1,129,063
Shares par value (⃁)	**1**	1
Issued capital in ⃁'000	**1,129,063**	1,129,063
Treasury shares in ⃁'000	**(24,913)**	(28,127)
Outstanding share capital in ⃁'000	**1,104,150**	1,100,936
Share premium in ⃁'000*	**2,890,367**	2,890,367

* Share premium represents the excess amounts received over the par value of the shares issued.

The shareholding structure of the Company as at 31 December 2025 is as follows:

Shareholders	***Shareholding %***	***No. of shares '000***	***Value ⃁ '000***
ADES Investment Holding LTD	**36.5**	**412,277**	**412,277**
Public Investment Fund	**23.8**	**268,548**	**268,548**
Zamil Investments	**6.7**	**75,647**	**75,647**
Free Float	**30.8**	**347,678**	**347,678**
Treasury Shares	**2.2**	**24,913**	**24,913**
	100	**1,129,063**	**1,129,063**

The shareholding structure of the Company as at 31 December 2024 is as follows:

Shareholders	*Shareholding %*	*No. of shares '000*	*Value ⃁'000*
ADES Investment Holding LTD	36.5	412,277	412,277
Public Investment Fund	23.8	268,548	268,548
Zamil Investments	6.7	75,647	75,647
Free Float	30.5	344,464	344,464
Treasury Shares	2.5	28,127	28,127
	100	1,129,063	1,129,063

23 EARNINGS PER SHARE

Basic earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to the equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year after adjusting the number of ordinary shares by the treasury shares.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. As at 31 December 2025, there were no potential dilutive shares and hence the basic and diluted EPS is same.

The information necessary to calculate basic and diluted earnings per share is as follows:

	For the year ended	
	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Profit for the year attributable to the ordinary equity holders of the Parent Company for basic and diluted EPS (⃁ '000)	**818,016**	802,498
Weighted average number of ordinary shares outstanding in thousands ('000) – basic and diluted	**1,101,446**	1,097,325
Earnings per share – basic and diluted (in ⃁ per share)	**0.74**	0.73

24 EQUITY SETTLED SHARE-BASED PAYMENTS

During the year ended 31 December 2025, the Directors resolved to grant 3,218 thousand ordinary shares, (31 December 2024: 5,752 thousand ordinary shares), with a par value of ⃁ 1.00 each to certain employees of the Group from the treasury shares held by the Company. The effective date of the awards are 3 August 2025. According to the approved terms of the granted shares, the shares vested as granted and are not subject to performance or any other conditions.

For the year ended 31 December 2025, as a result of the awards discussed above, the Group has recognized expense arising from equity-settled share-based payment transactions amounting to ⃁ 40,381 thousand (2024: ⃁ 110,647 thousand) in the consolidated statement of comprehensive income, with a corresponding increase in share-based payment reserve account in the consolidated statement of changes in equity. The amount of expense recognized represents the fair value of the shares at the award dates.

Out of the total awarded shares 3,214 thousand shares amounting to ⃁ 40,334 thousand have been allotted from the treasury shares held by the Company and accordingly have been transferred from the treasury shares and share payment reserve to retained earnings in the consolidated statement of changes in equity. The remaining awarded shares will remain as treasury shares until they are allotted to the respective employees. After the transfer of the awarded shares that have been allotted from treasury shares, share based payment reserve amounted to ⃁ 166 thousand as at 31 December 2025, (31 December 2024: ⃁ 119 thousand).

25 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent the shareholders that have control or significant influence over the Group, directors, affiliates (representing entities directly or indirectly controlled by the Group's shareholders) and key management personnel.

The Public Investment Fund of the Kingdom of Saudi Arabia is one of the Shareholders which is ultimately controlled by the Government of the Kingdom of Saudi Arabia ("KSA Government"). The entities under the control of the KSA Government constitute other related parties below.

The entities under common control represent the entities controlled by ADES Investment Holding Ltd or its shareholders. The terms and conditions of the transactions entered into with the related parties are approved by the Group's management.

(a) Following are the significant related party transactions recorded in the consolidated statement of comprehensive income:

	For the year ended	
	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Revenue from other related parties	**3,611,510**	4,142,669
Revenue from the joint venture	**8,597**	26,491
Finance cost from other related parties	**(424,902)**	(381,458)
Dividends received from equity instruments (FVOCI)	**4,254**	3,534

(b) The balances with related parties other than the entities controlled by the KSA Government are reported as due to and from related parties on the face of the consolidated statement of financial position. The balances with the entities controlled by the KSA Government are disclosed in the note (ii) below.

i) Due from balances with the related parties:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Entities under common control		
Innovative Energy Holding Ltd	**1,223**	1,223
	1,223	1,223

The above outstanding balances at the year-end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2025, the Group has not recorded any provision for expected credit losses relating to receivables and amounts owed by related parties. This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

25 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

ii) Other significant balances are as follows:

	31 December 2025 ⃁ ’000	*31 December 2024 ⃁ ’000*
Bank balances and cash with other related parties	**120,384**	121,621
Interest-bearing loans and borrowings from other related parties	**8,925,803**	5,934,712
Trade receivables and unbilled receivables from other related parties	**412,154**	650,518
Trade receivables from joint venture*	**1,067**	1,067
Derivative financial instrument (liability)/assets with other related parties	**(1,813)**	35,860
Trade payables to other related parties	**-**	25,720
Investment in equity securities (FVOCI) of other related parties	**-**	102,936
Investment in joint venture	**34,013**	25,416

Refer to the respective disclosure notes for the terms and conditions of the interest-bearing loans and other balances above with the related parties. Further, refer to note 27 for guarantees issued by the related parties.

* Trade receivables from the joint venture have been fully impaired in accordance with the Group’s expected credit loss assessment.

The management applies the exemption in IAS 24 and has accordingly complied with disclosure requirements applicable to transactions with government-related entities.

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	For the year ended	
	31 December 2025 ⃁ ’000	*31 December 2024 ⃁ ’000*
Total benefits (including salary, bonus and other allowances)	**22,803**	10,028
Directors' remuneration	**4,748**	2,833

In addition, key management personnel have benefits from the share-based payments vested during the year ended 31 December 2025 amounting to ⃁ 35,329 thousand (31 December 2024: ⃁ 96,804 thousand).

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview
The Group's principal financial liabilities comprise trade and other payables and loans borrowings. The main purpose of these financial liabilities is to finance the Group's operations and to provide support to its operations. The Group's principal financial assets include cash in hand and at banks, including highly liquid investments with maturity less than 90 days, derivative instruments, trade and other receivables, due from related parties and other receivables.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors of the Company oversees the management of these risks. The Board of Directors of the Company are supported by senior management that advises on financial risks and the appropriate financial risk governance framework for the Group. The Group's senior management provides assurance to the Board of Directors of the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

The Group has exposure to the following risks from its use of financial instruments:

a) Credit risk,
b) Market risk:
   i. Interest rate risk
   ii. Foreign currency risk
   iii. Price risk
c) Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade and other receivables and due from related parties) and from its financing activities, including letter of guarantees with banks foreign exchange transactions and other financial instruments. As at 31 December 2025, the top three debtors of the Group represent 32% (2024:59%) of trade receivable.

Trade and other receivables
Customer credit risk is managed by the Group's established policy, procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Other financial assets and bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group's exposures are maintained with a diversified portfolio of reputable financial institutions with credit ratings ranging from "AA to B-". The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Group's exposure to credit risk for the components of the consolidated statement of financial position is the carrying amounts of these assets. The Group limits its exposure to credit risk by only placing balances with international banks and reputable local banks. Management does not expect any counterparty in failing to meet its obligations.

Due from related parties

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Group's net profit is affected through the impact on floating rate borrowings as follows:

	Increase / decrease in basis points	*Effect on profit before income tax Increase / (Decrease)*
31 December 2025		
⃁ ('000)	**+100**	**(23,999)**
⃁ ('000)	**-100**	**23,999**
31 December 2024		
⃁ ('000)	+100	(13,640)
⃁ ('000)	-100	13,640

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency which is Saudi Riyal ("⃁") or United States Dollar ("USD") to which functional currency is currently pegged). The Group is not significantly exposed to foreign currency risk as major transactions are denominated in USD.

The following tables demonstrate the sensitivity to a reasonably possible change in ⃁ exchange rates, with all other variables held constant. The impact on the Group's profit is due to changes in the value of monetary assets and liabilities.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

	Change in rate	*Effect on profit before income tax ⃁ (‘000)*
31 December 2025		
EGP	**+10%**	**5,743**
EGP	**-10%**	**(5,743)**
NGN	**+10%**	**1,561**
NGN	**-10%**	**(1,561)**
31 December 2024		
EGP	+10%	2,046
EGP	-10%	(2,046)

Liquidity risk
The cash flows, funding requirements and liquidity of the Group are monitored by Group management. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of banks overdraft and bank loans. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group’s financial liabilities based on contractual undiscounted payments.

Financial liabilities

	Less than 3 months ⃁ ’000	***3 to 12 months ⃁ ’000***	***1 to 5 years ⃁ ’000***	***Over 5 years ⃁ ’000***	***Total ⃁ ’000***
As at 31 December 2025					
Loans and borrowings	**582,267**	**2,957,241**	**15,888,240**	**5,933,856**	**25,361,604**
Trade and other payables*	**444,665**	**1,245,320**	**18,354**	**-**	**1,708,339**
Lease liability	**56,276**	**154,079**	**387,164**	**-**	**597,519**
Total undiscounted financial liabilities	**1,083,208**	**4,356,640**	**16,293,758**	**5,933,856**	**27,667,462**

	Less than 3 months ⃁ ’000	*3 to 12 months ⃁ ’000*	*1 to 5 years ⃁ ’000*	*Over 5 years ⃁ ’000*	*Total ⃁ ’000*
As at 31 December 2024					
Loans and borrowings	434,886	1,736,168	10,158,533	3,114,078	15,443,665
Trade and other payables*	409,854	541,516	29,429	-	980,799
Lease liability	51,505	145,287	378,274	-	575,066
Total undiscounted financial liabilities	896,245	2,422,971	10,566,236	3,114,078	16,999,530

* Excluding lease liability.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management
Capital includes share capital, share premium, reserves, treasury shares and retained earnings.

The primary objective of the Group’s capital management is to ensure that it will be able to continue as a going concern while maintaining a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group’s strategy remains unchanged since inception. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group’s policy is to keep the gearing ratio between 30% and 85%.

	2025	*2024*
	⃁ ’000	*⃁ ’000*
Loans and borrowings (note 20)	**20,249,665**	12,056,690
Lease liabilities (note 17)	**484,937**	515,489
Bank balances and cash (note 11)	**(2,458,449)**	(744,187)
Net debt	**18,276,153**	11,827,992
Total equity	**6,812,994**	6,537,984
Total capital	**25,089,147**	18,365,976
Gearing ratio	**73%**	64%

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group’s performance to developments affecting a industry.

The Group’s 2 customers (2024: 2 customers) drive more than 10% revenue from contract with customers and contribute to 64% (2024: 77%) revenue from contract with customer pertaining to Kuwait and Kingdom of Saudi Arabia segment.

27 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

	31 December 2025	*31 December 2024*
	⃁ ’000	*⃁ ’000*
Letter of guarantees	**1,719,734**	1,544,234
Letter of guarantees acquired as part of business combination	**408,320**	-

Contingent liabilities represent letters of guarantee issued in favour of Saudi Customs, Egyptian General Petroleum Corporation, Suze Abu Zenima Petroleum Company (Petro Zenima), Kuwait Oil Company, The Gulf of Suez Petroleum Company and others. The cover margin on such guarantees amounted to ⃁ 47,822 thousand (2024: ⃁ 15,005 thousand).

27 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Following are the facilities of the Group:

- The Group entered into a bilateral Unfunded Trade Finance Facility Agreement with Arab Petroleum Investments Corporation (APICORP) in July 2019 for total facility amounting to ⃁ 112,500 thousand for the issuance of Letters of Credit and Letters of Guarantees. As of 31 December 2025, the Group utilized letter of guarantees for a total amount of ⃁ 78,163 thousand (2024: ⃁ 86,228 thousand).

- The Group entered into bilateral agreement with Arab National Bank of KSA "ANB" bank dated Oct 2022 amounting to ⃁ 412,500 thousand available to cover working capital needs including issuance of letters of guarantees as of 31 December 2025, the Group utilized letter of guarantees for a total amount of ⃁ 688,588 thousand (2024: ⃁ 493,989 thousand).

- The Group entered into a bilateral agreement with Al Ahli Bank of Kuwait Egypt ''ABK'' a facility dated on May 2019 amounted of USD 12,000 thousand equivalent to ⃁ 45,000 thousand for the purpose of Working capital, Letter of guarantees and Letter of credit as of 31 December 2025, the Group utilized Letters of Credit for a total amount of nil (2024: ⃁ 5,270 thousand).

- The Group entered into a bilateral agreement with Suez Canal Bank ''SCB'' amounted dated on October 2018 of USD 18,000 thousand equivalent to ⃁ 67,500 thousand for the purpose of Working capital, Letter of guarantees as of 31 December 2025, the Group utilized letter of guarantees for a total amount of ⃁ 35,239 thousand (2024: ⃁ 43,991 thousand).

- The Group entered into bilateral agreement with EG Bank "EGB with Letter of guaranteed facility dated February 2021 amounted of USD 10,000 thousand and EGP 50,000 thousand equivalent to ⃁ 40,899 thousand as of 31 December 2023, which was the same agreements as 2021, As of 31 December 2025, the Group utilized letter of guarantees for a total amount of ⃁ 47,842 thousand (2024: ⃁ 40,051 thousand).

- The Group entered into bilateral agreement with Export Development Bank of Egypt "EBE" bank dated July 2018 amounted of USD 12,000 thousand equivalent to ⃁ 45,000 thousand for the purpose of Working capital, Letter of guarantees as of 31 December 2025, the Group utilized letter of guarantees for a total amount of ⃁ 25,872 thousand (2024: ⃁ 26,139 thousand).

- The Group entered into a bilateral agreement with Emirates National Bank of Dubai S.A.E ''ENBD'' dated July 2021 amounted of USD 20,000 thousand equivalent to ⃁ 75,000 thousand for the purpose of Working capital, Letter of guarantees and Letter of credit as of 31 December 2025, the Group utilized letter of credit for a total amount of ⃁ 9,938 thousand (2024: ⃁ 9,938 thousand).

- The Group has letter of guarantees of ⃁ 375 thousand (2024: ⃁ 375 thousand) with Arab International bank.

- The Group entered into a bilateral agreement with AL Rajhi bank dated May 2023 amounting to ⃁ 450,000 thousand. As of 31 December 2025, The Group utilized letter of guarantees for a total amount of ⃁ 428,896 thousand (2024: ⃁ 447,685 thousand).

- The Group entered into a bilateral agreement with Banque Saudi Francis bank (BSF) dated March 2022 "Loan 2 BSF". The facility agreement includes additional bonding limit to be utilized for the issuance of Letter of guarantees with total amount of ⃁ 187.5 million, additional overdraft limit with ⃁ 30 million and additional multipurpose limit to cover working capital needs including issuance for letter of guarantees and short-term loans with total amount of ⃁ 150 million. As of 31 December 2025, The Group utilized letter of guarantees for a total amount of ⃁ 163,323 thousand (2024: ⃁ 160,083 thousand).

27 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Additional facility agreement with Banque Saudi Fransi (BSF) entered in March 2024 and amendment in May 2025, for total facility amounting to ⃁ 50,000 thousand. As of 31 December 2025, the Group utilized letter of guarantees for a total amount of ⃁ 32,801 thousand.

- Facility agreement with Guaranty Trust bank limited (GTB) entered in February 2025 for total facility amounting to NGN 150,000,000 thousand equivalent to ⃁ 391,913 thousand for the issuance of Guarantees. As of 31 December 2025, the Group utilized letter of guarantees for a total amount of ⃁ 318,742 thousand.

- Facility Agreement with JPMorgan Chase, NA, London Branch (JPM) entered in December 2025 for total facility amounting to USD 25,000 thousand equivalent to ⃁ 93,750 a thousand for the issuance of Guarantees. As of 31 December 2025, the Group utilized letter of guarantees for a total amount of ⃁ 55,748 thousand.

- Facility Agreements with Standard Chartered Bank (SCB) entered in September 2022 and January 2023 for total facilities amounting to USD 35,000 thousand equivalent to ⃁ 131,250 thousand and USD 5,000 thousand equivalent to⃁ 18,750 thousand, respectively, for the issuance of guarantees. As of 31 December 2025, the Group utilized letters of guarantee amounting to ⃁ 55,661 thousand.

- The Group has letter of guarantees of USD 5 thousand equivalent to ⃁ 19 thousand with Kotak Mahindra Bank Limited.

- The Group has letter of guarantees of USD 500 thousand equivalent to ⃁ 1,875 thousand with Vietcom bank.

- The Group has letter of guarantees of USD 3,084 thousand equivalent to ⃁ 11,565 thousand with Bangkok Bank.

Transactions with the related parties:

- The Group entered into a bilateral agreement with National Commercial Bank in KSA (SNB) dated May 2019 amounted of ⃁ 10,999 thousand available to issuance of letters of guarantees. As of 31 December 2025, the Group utilized letter of guarantees for a total amount of ⃁ 9,519 thousand (31 December 2024: ⃁ 9,519 thousand).

- The Group entered into a bilateral agreement with Alinma Bank dated April 2019 amounted of ⃁ 37,500 thousand available to cover working capital needs including issuance of letters of guarantees. As of 31 December 2025, the Group utilized letter of guarantees for a total amount of ⃁ 24,364 thousand (31 December 2024: ⃁ 24,364 thousand).

- The Group entered into a bilateral agreement with Gulf International Bank dated Nov 2023 amounted of 250,000 thousand available to cover working capital needs including issuance of letters of guarantees. As of 31 December 2025, the Group utilized letter of guarantees for a total amount of ⃁ 207,616 thousand (31 December 2024: ⃁ 196,602 thousand).

Capital commitment
The Group has a capital commitment for ⃁ 225 million as at 31 December 2025 (31 December 2024: ⃁ 229 million).

28 FINANCIAL INSTRUMENTS AT FAIR VALUES

28-a DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has entered into an interest rate swap contract to manage its exposure to fluctuations in interest rates. The counterparty is generally a bank/financial institution. These financial exposures are managed in accordance with the Group's risk management policies and procedures.

The Group enters into interest rate swaps agreements, mainly to manage exposure on its variable rate loans and borrowings. The Group uses interest rate swap contracts to hedge exposure to variable interest rate fluctuations on interest payments for borrowings denominated in functional currency or currency pegged to functional currency of the Company.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap matches the terms of the variable rate loans and borrowings (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component.

To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument.
- Differences in timing of cash flows of the hedged item and hedging instrument.
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item.

Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data.

The fair values of derivative financial instruments are as follows:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Derivative financial instruments assets:		
Non-current		
Interest rate swaps	**6,307**	61,850
Foreign exchange rate*	**2,071**	-
	8,378	61,850

28 FINANCIAL INSTRUMENTS AT FAIR VALUES (continued)

28-a DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Derivative financial instruments designated as hedging instruments
In 2022, the Group entered into three Interest Rate Swap (IRS) agreements with Banqe Saudi Fransi (BSF), Gulf International Bank (GIB), and Saudi National Bank (SNB) in relation to Loan 1 Syndication Facility A SAR portion (⃁ 3,198,750 thousand). The objective of the cash flow hedge is to protect against cash outflows variability related to floating-rate interest payments on the hedged portion of the credit facility using the 6-month SAIBOR rate (as shown in the following table). Such cash outflows variability results from changes which may occur on the 6-month SAIBOR market rate (i.e. the designated benchmark interest rate).

In 2022, the Group entered into Interest Rate Swap (IRS) agreement with Banqe Saudi Fransi in relation to Loan 1 Syndication Facility A USD portion (USD 197,000 thousand – equals to ⃁ 738,750 thousand). The objective of the cash flow hedge is to protect against cash outflows variability related to floating rate interest payments on the hedged portion of the credit facility using the 6-month SOFR rate (as shown in the following table). Such cash outflows variability results from changes which may occur on the 6-month SOFR market rate (i.e. the designated benchmark interest rate).

In 2022, the Group entered into three Interest Rate Swap (IRS) agreements with Saudi National Bank (SNB) in relation to Al- Rajhi Bank facility (⃁ 937,500 thousand), Saudi National Bank (SNB), (⃁ 870,331 thousand) and Banqe Saudi Fransi (BSF) (⃁ 1,078,680 thousand) the objective of the cash flow hedge is to protect against cash outflows variability related to floating-rate interest payments on the hedged portion of the credit facility using the 3-month SAIBOR rate (as shown in the following table). Such cash outflows variability results from changes which may occur on the 3-month SAIBOR market rate (i.e. the designated benchmark interest rate).

* During the year ended 31 December 2025, the Group entered into two foreign exchange forward contracts with Banque Saudi Fransi (BSF) and Al Rajhi Bank. These contracts were entered into to manage the Group's exposure to foreign currency risk arising from forecast USD-denominated cash outflows. Under the terms of the agreements, the Group will sell USD and buy SAR at fixed forward rates on predetermined settlement dates. The total notional amounts of the contracts are USD 360 million with Banque Saudi Fransi (BSF) and USD 115 million with Al Rajhi Bank. These contracts are not designated in qualifying hedge relationships under IFRS 9

28 FINANCIAL INSTRUMENTS AT FAIR VALUES (continued)

28-a DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Derivative financial instruments designated as hedging instruments (continued)

Borrowing (hedged item)	Type	Notional amount ('000)	Hedged interest rate	Effective date	Maturity date
Loan 1 Syndication Facility A	Syndicated loan	⃁ 1,066,250	Floating (6m-SAIBOR)	01-Jun-22	31-Dec-29
Loan 1 Syndication Facility A	Syndicated loan	⃁ 1,066,250	Floating (6m-SAIBOR)	01-Jun-22	31-Dec-29
Loan 1 Syndication Facility A	Syndicated loan	⃁ 1,066,250	Floating (6m-SAIBOR)	01-Jun-22	31-Dec-29
Loan 1 Syndication Facility A	Syndicated loan	⃁ 738,750 (USD 197,000)	Floating (6m-SOFR)	01-Jun-22	31-Dec-29
Al- Rajhi Bank facility – fully hedged	Bank facility	⃁ 937,500	Floating (3m-SAIBOR)	30-Jun-22	01-Jul-30
Saudi National Bank – SNB partially hedged	Bank facility	⃁ 870,331	Floating (3m-SAIBOR)	28-Apr-22	30-Apr-30
Bank Saudi Fransi – BSF partially hedged	Bank facility	⃁ 1,078,680	Floating (3m-SAIBOR)	13-Apr-22	30-Apr-30
Al- Rajhi Bank-Foreign exchange rate	Series of foreign exchange	⃁ 431,250 (USD 115,000)	NA	12-May-25	23-Mar-27
Banqe Saudi Fransi (BSF) - Foreign exchange rate	Series of foreign exchange	⃁ 1,350,000 (USD 360,000)	NA	20-May-25	20-Apr-27

During the year ended December 2025, the Group entered into agreement with Goldman Sachs International Bank, in relation to foreign exchange transaction NOK/USD par forward rates. The objective of the cash flow hedge is to protect the Group against fluctuations in foreign exchange rate in related to the purchase consideration of the Shelf Drilling acquisition. Under the terms of the agreement, the Group to sell USD and buy NOK at a fixed forward rate, with a total notional amount of NOK 4.3 billion. The forward contract was fully settled during the year.

28 FINANCIAL INSTRUMENTS AT FAIR VALUES (continued)

28-b INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Movement in investment at fair value through other comprehensive income during the year

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Opening balance	**102,936**	-
Additions during the year	**-**	100,368
Unrealized loss during year (before tax)	**(13,949)**	2,568
Disposal during year	**(88,987)**	-
	-	102,936

During the year, the Group sold its entire holding of 3,669,724 shares in Saudi Arabian Oil Company (Saudi Aramco).

During the year ended 31 December 2025, the Group received cash dividends of ⃁ 4,254 thousand (2024: ⃁ 3,534) from Saudi Arabian Oil Company (Saudi Aramco).

The investment was classified as fair value through other comprehensive income basis irrevocable policy choice.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Total	***Level 1***	***Level 2***	***Level 3***
	⃁ '000	***⃁ '000***	***⃁ '000***	***⃁ '000***
31 December 2025				
Fair value through other comprehensive income				
Derivative financial instrument - Interest rate swaps	**6,307**	**-**	**6,307**	**-**
Fair value through profit or loss				
Derivative financial instrument - Foreign exchange rate	**2,071**	**-**	**2,071**	**-**

	Total	***Level 1***	***Level 2***	***Level 3***
	⃁ '000	***⃁ '000***	***⃁ '000***	***⃁ '000***
31 December 2024				
Fair value through other comprehensive income				
Derivative financial instrument: Interest rate swap	61,850	-	61,850	-
Equity investment in shares of other related party	102,936	102,936	-	-

During the year ended 31 December 2025, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 at fair value measurements. (31 December 2024: Nil).

29 DIVIDENDS

29-a DIVIDENDS TO SHAREHOLDERS

Dividends declared and paid on ordinary shares are as follows:

	For the year ended		***For the year ended***	
	2025	*2024*	***2025***	*2024*
	⃁ '000	*⃁ '000*	***⃁** per **share***	
Dividends declared in the quarter:				
March	**242,206**	-	**0.22**	-
September	**231,198**	237,498	**0.21**	0.216
Total dividends declared and paid	**473,404**	237,498	**0.43**	0.216

29-b DIVIDENDS TO NON-CONTROLLING INTEREST

During 2025, dividends of ⃁ 13,697 thousand (2024: ⃁ 9,981 thousand) have been paid by UPDC, one of the Group's subsidiaries, to its non-controlling shareholders in respect of 2024 profits.

30 COMPARATIVE FIGURE

Certain comparative figures have been reclassified to conform with current period presentation. The following table summarises the effect of prior period reclassifications on the consolidated statement of financial position and comprehensive income. Such reclassifications have not impacted the previously reported profit or equity.

	31 December 2024		
	As previously reported ***⃁ '000***	*Reclassification* ***⃁ '000***	*As reported now* ***⃁ '000***
Consolidated Statement of comprehensive income for the year ended 31 December 2024			
Cost of revenue	(3,839,972)	(1,401)	(3,841,373)
Other income, net	31,292	1,401	32,693

	31 December 2024		
	As previously reported ***⃁ '000***	*Reclassification* ***⃁ '000***	*As reported now* ***⃁ '000***
Consolidated Statement of financial position as of 31 December 2024			
Trade receivables	857,833	(857,833)	-
Unbilled receivables	524,671	(524,671)	-
Trade receivables and other receivables	-	1,382,504	1,382,504

31 SUBSEQUENT EVENTS

During March 2026, and in light of the evolving regional situation, the Group experienced temporary suspensions affecting a handful of offshore rigs operating in the GCC with immaterial impact on the group financial position. Based on current visibility, these suspensions are expected to be short-term in nature, with the Group maintaining close coordination with clients and relevant stakeholders to monitor developments and ensure operational readiness.

In response, the Group continues to leverage its scale, geographic diversification and broadened operational platform to effectively navigate such developments. With a presence across more than 20 countries and a well-diversified earnings base, ADES remains resilient to localized disruptions.

On 29 March 2026G, the Board of Directors of the Company has approved a cash dividend of SAR 265 million (SAR 0.24 per share), in accordance with the authorization granted to the Board of Directors by the Annual General Assembly held on 01 May 2025G to distribute dividends on a biannual basis for the fiscal year 2025G.

Except for the above, no other significant subsequent events have occurred between 31 December 2025 and the date of approval of these consolidated financial statements.

ADES Holding Company ("the Company") **Commercial Registration No.: 2051245446**	**شركة أديس القابضة ("الشركة")** سجل تجاري رقم: ٢٠٥١٢٤٥٤٤٦
Audit Committee Recommendation on the Appointment of External Auditors to examine, review and audit the financial statements for the second and third quarters and the annual financial statements of the fiscal year ending 31 December 2026, and the first quarter of the fiscal year 2027G.	**قرار توصية لجنة المراجعة بشأن تعين المراجعين الخارجين لفحص ومراجعة وتدقيق القوائم المالية للربع الثاني والثالث والقوائم المالية السنوية للعام المالي ٢٠٢٦م، والربع الأول من العام المالي ٢٠٢٧م.**
13/11/1447H (Corresponding to 30/04/2026G)	**١٤٤٧/١١/١٣هـ (الموافق ٢٠٢٦/٤/٣٠م)**
Preliminary Matters:	**مسائل أولية:**
We, the undersigned members of the Company's Audit Committee (“Committee Members”) and the only persons authorised as of the date of this resolution, hereby issue the following written resolutions as if passed at a duly convened meeting of the Company's Audit Committee.	نحن، الموقعون أدناه، أعضاء لجنة المرجعة بالشركة ("أعضاء اللجنة") والأشخاص الوحيدين المخولين حتى تاريخ هذا القرار، بموجب هذا، نصدر القرارت الكتابية التالية كما لو تم تمريرها في اجتماع لجنة المرجعة بالشركة المنعقد على النحو الواجب.
Purpose:	**الهدف:**
• Recommending to the Board of Directors for the approval of the General Assembly to appoint the external auditor to examine, review and audit the financial statements for the second and third quarters and the annual financial statements of the fiscal year 2026, and the first quarter of the fiscal year 2027G. • Recommending to the Board of Directors for the approval of the General Assembly to disburse additional fees to the Company’s external auditor, KPMG Professional Services (KPMG), in the amount of SAR 937,500, in respect of additional work undertaken and time incurred in connection with the audit of the Company’s financial statements for the financial year ended 31 December 2025, arising from the acquisition of Shelf Drilling, Ltd completed during 2025 that necessitate additional consolidation-related audit activities.	• التوصية لمجلس الإدارة لموافقة الجمعية العامة على تعيين مراجع الحسابات الخارجي لفحص ومراجعة وتدقيق القوائم المالية للربع الثاني والثالث والقوائم المالية السنوية للعام المالي ٢٠٢٦م، والربع الأول من العام المالي ٢٠٢٧م. • التوصية لمجلس الإدارة لموافقة الجمعية العامة على صرف أتعاب إضافية للمراجع الخارجي للشركة، مكتب كي بي إم جي للإستشارانت المهنية (KPMG)، بمبلغ قدره ٩٣٧،٠٠٠ ريال سعودي، وذلك مقابل الأعمال الإضافية والوقت فيما يتعلق بمراجعة القوائم المالية للشركة للسنة المالية المنتهية في ٣١ ديسمبر ٢٠٢٥، والناتجة عن الاستحواذ على شركة شيلف دريلينغ المحدودة الذي تم خلال عام ٢٠٢٥، والذي تطلب تنفيذ إجراءات مراجعة وتوحيد إضافية.

ADES
ADES Holding
أديس القابضة

Based on the invitation extended to the external audit firms to examine, review and audit the financial statements for the second and third quarters and the annual financial statements of the fiscal year 2026, and the first quarter of the fiscal year 2027, we have received the following offers:

Name of Auditor	Audit fees for the second and third quarters and the annual period of the fiscal year ending 31 December 2026, and the first quarter of the fiscal year 2027
KPMG Business Services (KPMG)	4,370,000 Saudi Riyals
Ibrahim Ahmed Al Bassam & Co (PKF)	3,360,000 Saudi Riyals

*Prices exclude VAT.

<u>Audit Committee Recommendation regarding the review and audit of the financial statements for the second and third quarters and the annual financial statements of the fiscal year 2026G, and the first quarter of the fiscal year 2027G:</u>

The Audit Committee recommends appointing KPMG to examine, review and audit the financial statements for the second and third quarters and the annual financial statements of the fiscal year 2026G, and the first quarter of the fiscal year 2027G.

<u>Reasons for the selection are as follows:</u>

1. It is recognised as the leading audit firm for companies listed on Tadawul.
2. The firm provides an integrated audit team in the Kingdom of Saudi Arabia, operating as part of a unified global structure to ensure

بناءً على الدعوة الموجهة من مكاتب المراجعة الخارجية لفحص ومراجعة وتدقيق القوائم المالية للربع الثاني والثالث والقوائم المالية السنوية للعام المالي ٢٠٢٦م، والربع الأول من العام المالي ٢٠٢٧م، وصلتنا العروض التالية:

اسم مكتب المراجعة	أتعاب المراجعة للربع الثاني والثالث والقوائم المالية السنوية للعام المالي ٢٠٢٦م، والربع الأول من العام المالي ٢٠٢٧م
كي بي إم جي للخدمات المهنية (KPMG)	٤،٣٧٠،٠٠٠ ريال سعودي
مكتب بي كيه إف ابراهيم احمد البسام وشركاه (PKF)	٣،٣٦٠،٠٠٠ ريال سعودي

*الأسعار غير شاملة ضريبة القيمة المضافة.

<u>توصية لجنة المراجعة بخصوص فحص ومراجعة وتدقيق القوائم المالية للربع الثاني والثالث والقوائم المالية السنوية للعام المالي ٢٠٢٦م، والربع الأول من العام المالي ٢٠٢٧م:</u>

توصي لجنة المراجعة بتعيين مكتب كيه بي إم جي (KPMG) لفحص ومراجعة وتدقيق القوائم المالية للربع الثاني والثالث والقوائم المالية السنوية للعام المالي ٢٠٢٦م، والربع الأول من العام المالي ٢٠٢٧م.

<u>حيث جاءت أسباب الأختيار والمفاضلة كما يلي:</u>

١. يعد من أبرز شركات المراجعة الرائدة في مراجعة الشركات المدرجة في تداول.
٢. توفير فريق مراجعة متكامل في المملكة العربية السعودية يعمل ضمن هيكل عالمي موحد، بما يضمن وكفاءة التنسيق وجودة تنفيذ أعمال المراجعة

consistent coordination, and efficient execution of audit engagements. 3. Well-established understanding of the Group's sector and business activities, together with prior experience in auditing the Group, thereby supporting an efficient audit process, and the delivery of high-quality audit outcomes.	٣. الإلمام بقطاع المجموعة وأنشطتها التشغيلية، مدعومة بخبرة في مراجعة أعمالها، الأمر الذي يسهم في تعزيز فعالية إجراءات المراجعة وضمان جودة التقارير الصادرة.
Therefore, the Audit Committee unanimously recommends the following resolution:	**وعلى ذلك، توصي لجنة المراجعة بالإجماع على القرار التالي:**
1. The Audit Committee recommends the appointment of KPMG Business Services ("KPMG") as the Company's External Auditors for the review of the financial statements for the second and third quarters of 2026, the audit of the annual financial statements for the financial year ending 2026, and the review of the financial statements for the first quarter of 2027. This recommendation is subject to the endorsement of the Board of Directors and submission of the auditors' proposals to the General Assembly for election. 2. The Audit Committee recommends to disburse additional fees to the Company's external auditor, KPMG Professional Services (KPMG), in the amount of SAR 937,500, in respect of additional work undertaken and time incurred in connection with the audit of the Company's financial statements for the financial year ended 31 December 2025, arising from the acquisition of Shelf Drilling, Ltd completed during 2025 that necessitate additional consolidation-related audit activities.	١. توصي لجنة المراجعة بتعيين كي بي إم جي للخدمات المهنية (KPMG) كمراجع الحسابات الخارجي للشركة، وذلك لمراجعة القوائم المالية للربعين الثاني والثالث من عام ٢٠٢٦، وتدقيق القوائم المالية السنوية للسنة المالية المنتهية في عام ٢٠٢٦، ومراجعة القوائم المالية للربع الأول من عام ٢٠٢٧. وذلك مع مراعاة إعتماد مجلس الإدارة ورفع العروض المقدمة من مراجعين الحسابات للجمعية العامة للتصويت من بينهما. ٢. توصي لجنة المراجعة بصرف أتعاب إضافية للمراجع الخارجي للشركة، مكتب كي بي إم جي للإستشارات المهنية (KPMG)، بمبلغ قدره ٩٣٧،٠٠٠ ريال سعودي، وذلك مقابل الأعمال الإضافية والوقت فيما يتعلق بمراجعة القوائم المالية للشركة للسنة المالية المنتهية في ٣١ ديسمبر ٢٠٢٥، والناتجة عن الاستحواذ على شركة شيلف دريلينغ المحدودة الذي تم خلال عام ٢٠٢٥، والذي تطلب تنفيذ إجراءات مراجعة وتوحيد إضافية.
This resolution may be signed in counterparts, each of which shall be considered an original, and all of which shall be part of a single document.	يمكن توقيع هذا القرار في نُسخ متعددة، حيث يُعتبر كل منها أصلاً، وجميعها سيكونون جزءاً من وثيقة واحدة.

Names	التوقيعات Signatures	الاسم
Mr. Mohamed Walid Cherif – Committee Chairman		**السيد/ محمد وليد شريف – رئيس لجنة المراجعة**
Mr. Ahmad Kordi – Committee Member		**السيد/ أحمد كردي – عضو لجنة المراجعة**
Mr. Omar Saleh – Committee Member		**السيد/ عمر صالح – عضو لجنة المراجعة**